

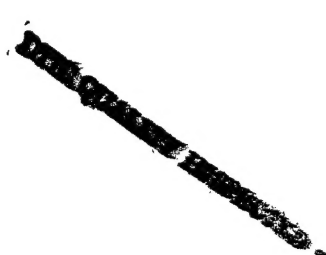
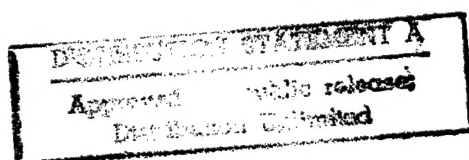
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Latin America Report



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23 April 1984

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ANDEAN PACT NATIONS IMPORTING MORE FOOD PRODUCTS, SAYS STUDY

Buenos Aires LA PRENSA in Spanish 17 Mar 84 p 8

[Text] Lima--If the decline in the importance of agriculture in the Andean Pact area continues, by 1990 the Andean Pact nations will be importing food products worth \$5.3 billion a year, twice the amount imported in 1980.

This statement is contained in a document prepared by the staff of the Andean Pact, whose members include Bolivia, Ecuador, Peru, Colombia, and Venezuela. The document deals with the status of agriculture in the area.

According to the evaluation made by the community technical agency which handles implementation of the pact, the agricultural sector has been neglected while preference has been given to industry, trade, and services.

Because of this, the agricultural sector has lost in relative importance in the makeup of the Andean gross domestic product, declining from 20 percent in 1970 to 16.7 percent in 1980.

Agricultural production increased between 1970 and 1980 by 2.1 percent a year. This percentage was less than the rate of population growth, and less than food demand, which during the same period increased by 4.2 percent a year. That is twice the rate of increase of food production.

This has caused a growing increase in food imports, with the consequent drainage of foreign currency resources from the Andean nations.

Imports-Exports

In 1970 2.9 million metric tons were imported, and in 1980, 6.8 million, according to the pact report. Imports in general were of basic commodities.

Grain consumption in the Andean area during that decade rose from 40 to 46 percent; dairy product consumption rose from 17 to 31 percent; and oil and fat consumption jumped from 22 to 54 percent.

The basic Andean agricultural exports are: sugar, cotton, bananas, cacao, and fish oil and fish meal, which in 1970 brought in \$1.2 billion and made up 94.3 percent of the agricultural sector's total earnings.

In 1981, these exports amounted to \$4.44 billion, 98 percent of the total. The majority of the Andean agricultural exports belong to Colombia, which in 1981 accounted for 68 percent of the total.

The most striking decline occurred in Peru, whose export share dropped from 30 percent in 1970 to 13 percent in 1981. In that year Andean agricultural exports accounted for 3.8 percent of the worldwide total.

Only 5 percent of the Andean agricultural imports come from within the pact area. The growth in imports from outside countries, according to the report, "compromises the Andean region's food supply security."

Population and Income

The Andean rural population is still continuing to decline. In 1970 it was 42 percent of the total population. In 1980, it was down to 36 percent, while the urban population increased from 32 million people to 46 million.

Per capita income for an Andean urban worker was \$1,400 a year, compared with \$500 for a rural worker. This means that rural inhabitants are living at a real poverty level.

In addition, there is a serious nutritional imbalance existing in the Andean Pact area. Per capita consumption of grains is 81 kilos, while the recommended minimum level is 91 kilos.

In dairy products, the disproportion ranges from an actual consumption of 85 liters to a recommended consumption of 120, and in oil and fats, per capita consumption is 12 kilos compared with a recommended level of 16. Social differences are also evident in the Andean area.

Malnutrition, according to the staff report, is rampant among young children, in the poorest groups of the population, and in the rural sector.

Throughout the pact area, it is estimated that 5.5 million children under the age of 5 suffer from malnutrition.

This situation, concludes the analysis, shows the growing external vulnerability of the Andean Pact nations, given their rising food imports. For this reason, it is essential to develop strategies relying on the Andean Pact nations' own national resources, in order to meet nutritional needs in a more stable and independent manner.

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CSO: 3348/323

CUBA TO BECOME MAJOR BUYER OF ARGENTINE INDUSTRIAL PRODUCTS

Buenos Aires LA NACION in Spanish 18 Mar 84 p 16

[Text] Havana--Argentina and Cuba have agreed upon a spectacular increase in their reciprocal trade. Yesterday, meeting in Havana, they signed a statement of agreement which emphasizes a "spirit of Latin American integration."

As a result, Argentine-Cuban trade will more than double beginning in 1984 and during the next 7-year period, estimated official Argentine sources.

This statement of agreement and a package of economic, trade, and scientific and technical cooperation agreements and treaties were signed by the Cuban minister of foreign trade, Ricardo Cabrisas Ruiz, and the Argentine secretary of commerce, Ricardo Campero.

The documents were prepared during negotiations between the government of Cuba and a delegation of government officials and private businessmen, led by Campero, which arrived in Havana last Tuesday [13 March 1984].

Satisfaction

In signing the documents, Cabrisas, speaking on behalf of Cuba, expressed his "satisfaction" with these agreements, which were reached in "barely 72 hours" of talks which, he reported, were "guided by the spirit of Latin American solidarity."

The Argentine secretary of commerce said that the results of his mission to Cuba were "highly satisfactory" and "beneficial for both countries." He agreed that the documents are consistent "with the Latin American spirit, which is profound and very meaningful for the Argentine people."

"We should continue to design trade policies which will serve the peoples of Latin America," stated Campero. "My government," he added, "wishes to emphasize the Latin American character" of the agreements signed with Cuba, and will make use of that policy "for the purposes of Latin American integration."

The Agreements

According to these documents, Cuba will become the leading purchaser of Argentina's industrial products and will increase its purchases from Argentina of processed foods and of manufactured agricultural products.

During Cuba's next 5-year plan, Argentina will supply Cuba with large amounts of equipment and technology.

In addition, Argentina will take part in the development of Cuban tourist facilities with the sales of materials and specialized items and equipment to be used in hotels and airports. It will also grant special tariff benefits to Cuba, and it will cooperate in joint projects to develop third markets.

One such project is the shipment of Argentine apples to Cuba to be processed there into fruit juices to be sold for export. The Cuban juice processing capacity has remained idle during certain periods of the year.

Dinner with Castro

After the statement of agreement and the package of treaties were signed, the Cuban president Fidel Castro invited the members of Campero's delegation to a private dinner held in the Palace of the Revolution.

The Argentine group was also entertained at a luncheon in the country hosted by the vice president of the councils of state and ministers and the minister of transportation of Cuba, Guillermo Garcia.

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DOCUMENT REVEALS LATIN AMERICA CONTINUES SEEKING ARMS SUPPLIES

Buenos Aires LA NACION in Spanish 19 Mar 84 p 15

[Text] Hamburg--Latin America's massive foreign debt does not seem to be an impediment preventing the majority of these countries from continuing to purchase arms. Purchases of military hardware in general benefit the industrialized countries in the northern hemisphere, both the capitalist and communist countries, which possess military technology. And in return, these countries are the principal creditors of the indebted countries of the southern hemisphere.

During an investigation conducted by this press agency, it was found that 17 countries in Latin America, with a total combined external debt of \$316.272 billion, during the past 2 years have purchased (arms already received, on order, and in the process of purchase) 645 military aircraft of different types; 72 ships, including 13 submarines; 16 frigates and 18 corvettes; 370 combat tanks; 532 armored transport vehicles; and 82 helicopters.

The list of purchases is a long one and it includes multiple missile-launching systems, missiles of different types and ranges, howitzers and field guns, fire control systems for ships, rifles, submachine guns and other short-range weapons, mechanized vehicles, patrol launches, mortars, and troop equipment.

This investigation revealed that Brazil, the country with the largest debt in the region (\$96.5 billion) is at the same time the one that is purchasing or has purchased in recent years the largest number of military aircraft: 218 units. Following in order are: Argentina, which, with an external debt of \$43 billion, has purchased or is purchasing 99 planes; Mexico, with a debt of \$85 billion, is purchasing 86 aircraft; and Peru, with a debt of \$12 billion, appears on the list with 85 planes either purchased or in the process of acquisition.

Military Troops Divided According to Branch of Service

Country	Pop.	Trps	Army	Navy	AF	Car	Sub	Airc.
Argentina	28.5	153.0	100.0	36.0	17.0	1	2	164
Bolivia	5.9	27.6	20.0	3.6	4.0			22
Brazil	128.0	277.1	182.8	49.0	45.3	1	8	187
Colombia	27.2	70.2*	57.0	9.0	4.2		2	28
Cuba	9.7	153.0	125.0	12.0	16.0		2	250
Chile	11.3	96.0	53.0	28.0	15.0		2	84
Dominican Republic	6.3	23.0	14.0	4.5	4.5			19
Ecuador	8.5	36.8	27.5	4.5	4.8		2	54
El Salvador	5.1	24.6	22.0	0.3	2.3			36
Guatemala	7.5	21.5	20.0	0.9	0.6			16
Honduras	3.9	15.2	13.5	0.5	1.2			26
Mexico	73.8	120.0	94.5	20.0	5.5			85
Nicaragua	2.7	48.8	47.0	0.3	1.5			10
Paraguay	3.4	16.0	12.5	2.5	1.0			20
Peru	17.7	135.5	75.0	20.5	40.0		12	106
Uruguay	2.9	30.0	22.3	4.7	3.0			24
Venezuela	14.7	40.5	27.5	8.5	4.5		3	79

*Colombian sources estimate the total forces at 150,000 (army: 120,000; navy: 20,000; and air force: 10,000).

Countries: 17

Population: 357,100,000 inhabitants

Total troops: 1,288,800 soldiers (0.36 percent of the total population)

Army: 913,600 troops

Navy: 204,800 troops

Air force: 170,400 troops

Aircraft carriers: two; submarines: 33; combat aircraft: 1,210

Abbreviations: Pop = population in millions of inhabitants; Trps = total troops in thousands of soldiers; Army, Navy, AF = in thousands of soldiers; Car = number of aircraft carriers; sub = number of submarines; Airc = number of combat aircraft owned by air forces.

Overall Situation: Arms Purchased or in the Process of Acquisition

Country	A	B	C	D	E	F	G	H
Argentina	99					85	12	27
Bolivia		4	6	4				
Brazil	218		4	2	1	50		7
Colombia	54		4		2		100	19
Cuba (1)				1				
Chile	16			2	2		100	3
Dominican Rep.					3			
Ecuador	26		4		-			
El Salvador	13				1			6
Guatemala (2)								
Honduras	16							
Mexico	86	4			13	80	40	6
Nicaragua (3)					2			2
Paraguay	2							
Peru	85	2		4 (4)		80	250	12
Uruguay	6				1	15		
Venezuela	24	6				60	30	
17 countries	645	16	18	13	25	370	532	82

A = aircraft; B = frigates; C = corvettes; D = submarines; E = other ships; F = tanks; G = armored transport vehicles; H = helicopters

1. Little information is available.
2. The U.S. recently decided to remove its embargo against Guatemala, and will sell to Guatemala \$2 million of helicopter parts. During the 7 years the embargo was in effect, Guatemala purchased short-range weapons and Arava aircraft from Israel.
3. Military observers estimate that Nicaragua's military acquisitions are much higher than shown in available reports. This military hardware reportedly comes from the USSR via Cuba and other socialist countries.
4. The last submarine was received in Kiel in July 1983.

Sources used for both tables: Military and political sources in the countries investigated, the U.S. Department of Defense, and specialized European publications, including the West German publications "Technologie Militar" and "Marine Rundschau."

International records show that Argentina is buying four frigates, six corvettes, and four submarines; Brazil, four corvettes and two submarines; Chile, two submarines, plus two other ships; Ecuador, four corvettes; Mexico, four frigates and another 13 naval ships; Peru, two frigates and four submarines (the four submarines were received last year); and Venezuela, six frigates.

The ground forces are concentrating on upgrading their combat tanks and armored transport vehicles. The following cases deserve attention: Argentina: 85 tanks and 12 armored cars; Brazil, 50 tanks; Colombia, 100 armored cars, the same as Chile; Mexico, 80 tanks and 40 armored cars; Peru, 80 tanks and 250 armored vehicles; and Venezuela, 60 tanks and 30 armored vehicles.

Percentage of Military Forces

The study also shows that these 17 countries, with a total population of 357,100,000 inhabitants, have a combined total of 1,288,800 soldiers in the three branches of the armed forces. This means that 0.36 percent of the Latin American population is a member of the military forces.

The ground forces, with 913,600 soldiers in the 17 countries investigated, greatly exceed in number the naval and air forces, which have 204,800 and 170,400 members, respectively.

The countries with the largest numbers of soldiers are: Brazil, 277,100; Cuba, 153,000, the same as Argentina; Peru, 135,500; Mexico, 120,000; and Chile, 96,000 soldiers. The countries with the highest percentage of their population on active duty in the armed forces are: Cuba (1.58 percent of the population); Chile (0.85 percent); Peru (0.77 percent); Argentina (0.54), Brazil (0.21), and Mexico (0.16 percent).

Nicaragua is the country that by far exceeds the others in the percentage of its population on active duty in the armed forces, with 1.80 percent. Uruguay, with 1 percent, also has a high percentage on active duty.

Troops Abroad

At the present time three Latin American countries maintain troops abroad: Cuba, Colombia, and Uruguay. Cuba is reported to have 39,300 soldiers serving abroad: in Angola (25,000); the Congo (750); Ethiopia (11,000); Mozambique (750); other African countries (500); and South Yemen (300). In addition, there are

reported to be 1,000 Cuban military instructors serving in Nicaragua. U.S. sources recently reported that Cuba has withdrawn half of its troops from Ethiopia and transferred part of them to Angola. Colombia and Uruguay are participating in the multinational force serving in the Sinai, in Egypt, with 500 and 70 soldiers stationed there, respectively.

In terms of arms in active use, the 17 countries investigated appear to be using 1,210 combat aircraft (the only ones counted are those that belong to air forces), 33 submarines, and two aircraft carriers. The latter belong to Argentina and Brazil.

The nations with the most powerful air forces are: Cuba (250 combat aircraft), Brazil (187), Argentina (164), and Peru (106 aircraft). Peru also has the most powerful submarine fleet in the region, with 12 subs, followed by Brazil, which owns eight.

International reports indicate that the biggest worldwide exporters of military hardware to the developing countries are: the United States, the Soviet Union, Great Britain, France, West Germany, and Italy. In the case of Latin America, Israel is also active as an arms merchant, particularly because of its favorable prices. Among the regional arms industries which export, in the lead are the industries of Brazil, followed by those of Argentina. Last year Brazilian arms exports are reported to have reached a figure of \$2.2 billion, according to unofficial sources.

The Soviet Union is also a major provider of arms to Latin America, although it has sold to only three countries there: Cuba, Peru, and Nicaragua. At the end of 1983, the Peruvian foreign debt to the Soviet Union was \$1 billion, which is reportedly all for military purchases.

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PRESIDENTIAL SECRETARY-GENERAL ON PERONIST CHARGES

Buenos Aires SOMOS in Spanish 30 Mar 84 pp 48-51

[Interview with Secretary-General of the Presidency German Lopez by Tabare Areas; date and place not specified]

[Text] The Peronists accuse him of being a gorilla, and the trade unionists claim that he controls Minister Mucci and the new union leaders. Others say that he pulls the strings behind Alfonsin. His name is German Lopez, and he is secretary-general of the presidency; he responds to those charges, discussing Miguel, Ongaro, the military and inflation.

[Question] Are you the "black friar" of the government, the one who pulls the strings behind Alfonsin?

[Answer] No, by no means. That is a comment that has been circulating around here, with a pejorative quality, seeking to distort the reality. I am a collaborator of the president, and I work subject to his instructions and those of the government.

[Question] But it is said that you wield a great deal of influence over Alfonsin...

[Answer] Look, the president of the republic is not a person who can readily be described as capable of being influenced. I have had a long-standing friendship with Dr Alfonsin, but it would certainly require a far more complex personality than mine to be able to influence him.

[Question] The Peronist trade unionists seem to view you as their public enemy number one, and they have nothing good to say about you.

[Answer] Those are opinions, and everyone has the one he considers correct. I am by no means an enemy of the workers, and I can prove it; because I was a leader in a factory for a great many years. I think that the workers' enemies are those who do not genuinely express the views of those whom they represent. Such a person is a traitor to the workers. I am not a leader of workers, but Mr Triaca certainly is, and I do not assume the representation of the workers now.

[Question] The Peronists claim that you are the one who controls Minister Mucci and the new trade unionists who are emerging in the factories...

[Answer] That is something pejorative; it is an indirect way of insulting Minister Mucci and the new leaders. If I have anything to say, I shall do so directly, without having to hide behind anyone.

[Question] Do you have agents in the government?

[Answer] No, by no means. Anyone who claims the contrary is lying to accrue political benefit, or else he does not know me.

[Question] Did you have confidential contacts, secret meetings, with Triaca and Ubaldini?

[Answer] In a recent interview, I stated that if the very ones concerned do not wish to disclose the existence of any contacts, I have no reason to do so.

[Question] If you don't deny it, I take it for granted that those contacts existed and hence I would like to know whether they say the same thing about you in private that they assert in public.

[Answer] And...look, in a face to face dialog, the speaker assumes a more human form; the dialog becomes more colloquial, with different features. It is not the same thing to talk to a person from far away, knowing that he cannot respond to you immediately and that he cannot give back arguments directly, as it is to do so looking into his eyes. It is a very different matter. I always speak and say what I think looking into people's eyes.

[Question] After the rejection of the trade union law in the Senate, what, specifically, are the options that the government has?

[Answer] The Justicialists' political position, expressed through the majority in the Senate, has not left the government too many options. This has been analyzed exhaustively. One option is the regulations for the law ratified by Agreement 87 of the International Labor Organization; something that the executive body could do by decree. Another option is the regulations for the new Article 14 of the Constitution, which stipulates as a single requirement for the operation of the trade unions the mere recording in a special register. This system also ensures the most absolute plurality. The third option is the regulations for the law approved by the military government (22,105).

[Question] Could the government change the sense of that law of the Videla government?

[Answer] The executive branch could make regulations for that law with two criteria: as it was conceived (with all the harshness that this represents), or by self-limiting it.

[Question] Which option will the government use?

[Answer] No decision has been made in this regard yet, because what is involved is achieving compatibility with the promises made by the Radical Party in the election campaign on behalf of a freely expressed trade union movement.

[Question] Could you be more specific?

[Answer] The president has stated that he favors the single trade union based on activity; hence he is an advocate of a single labor union confederation, not one imposed by law, but rather decided upon freely by the workers. The law must make the existence of a single labor union confederation possible, but it must not force its existence.

[Question] Are you talking with Raymundo Ongaro? It has been claimed outside that Ongaro has very good contacts with the government.

[Answer] No, no; I am not talking with Ongaro now. During the years 1964 or 1965 I may have had a meeting with him; he was a member of the Graphic Federation headed at that time by Ribas, and expressing a dissident line. I have had no direct dealings with him, but I have references concerning Ongaro. I am familiar with his career, and I think that he is a man with some power of convocation.

[Question] Could Ongaro represent the profile of the new trade union leader that the government wants, as opposed to the traditional Peronist leadership?

[Answer] I don't want to be very categorical on this point, but I don't think that the men of the past are the reflection of the present. This has no pejorative content with regard to Ongaro or anyone else. I believe that there is in the Argentine labor movement a new generation that may be observed, for example, in the photographs of the factory meetings, wherein there are youths between 20 and 25 years of age participating in the debates, who represent the trade union masses that do not feel that they are represented by some of the heads of their own unions. Obviously, these young men did not elect those union leaders (many have terms that have been extended for several years); and therein lies one of the problems, namely, the lack of contact between these newly promoted groups and the traditional leadership.

[Question] Do you think that the one controlling the trade unions' bureaucratic apparatus is definitely the one who will win the internal elections, and that this was the real topic of discussion during the debate over the trade union law?

[Answer] Look, there are statistics on some matters, and I can tell you that, in the past 40 years there have been no instances recorded wherein the government-backed ticket lost the elections. The percentage is overwhelming. This proves that the ones controlling the apparatus decide on the possibilities of the electoral count, and explains why the debate on the new trade union law included that point.

[Question] It would appear that you think that the worker, the rank and file worker, is a guest of stone in his own trade union. Is that true?

[Answer] The slight participation by the workers in the internal activity of the unions is unquestionable: Nearly 90 percent have not had the privilege of raising their hands at a union meeting to say something, or to back a motion made regarding the essential operation of their union.

[Question] Why?

[Answer] First, because the mechanism whereby the unions operate is hardly participatory. The trade union structure attempts to avoid democratic counting; it is shielded in administrative, bureaucratic type fortresses, to preclude any kind of dialog. The other feature is violence.

[Question] Which instances of trade union violence do you specifically recall?

[Answer] There are several: Vandor, Alonso, Coria, Rucci. All of them were top-ranking leaders who were assassinated. It is as if Walesa had been assassinated in Poland. Vandor's death had a rather traumatic effect on the Argentine trade union movement, because he was someone with a great deal of support, and with his own strength, like Coria and Rucci.

[Question] Do you prefer Lorenzo Miguel as a trade unionist or as a politician?

[Answer] I have no reason to state my preferences regarding Lorenzo Miguel. When he left prison, Alfonsin and I were among the first ones to go to see him at his house; we went to lend him our support and solidarity, because he had experienced some very difficult times.

[Question] I insist, do you prefer him in the UOM [Metalworkers Union] or talking like a leader of the Justicialist Party?

[Answer] That must be decided by him per se, and by the people backing him. He could be useful in either of the areas in which he acts, so long as that representation is genuine and has the support of a political sector or that of the workers.

[Question] Both trade unionists and business owners pass through this office. With whom do you get along best?

[Answer] I have a very friendly, cordial dialog with people; over and above their professional activity, I try to retrieve personal experiences. I get along well with both: For 30 years, I have talked with workers and business owners, even when I was working at the Palmolive factory and was defending trade union rights.

[Question] Now that you are in the government, do you have to say "yes" to everyone?

[Answer] No, that would be atrocious. Someone once told me never to attempt to make a caricature of myself, and he was quite right; it was wise advice, and I have followed it to the letter.

[Question] What does that mean?

[Answer] That I cannot pretend to be what I am not. I say what I think and I show myself as I am, without internal or external caricatures.

[Question] After 100 days of government, have the "military nation" and the "financial nation" ended?

[Answer] The military power is not depleted, although there has been a change in the military structures. The young officers underwent a traumatic experience because the responsibility for the country's decadence, with tremendous debts and widespread criticism, has fallen upon them. They assume that this responsibility is incumbent upon them as well. They feel responsible for the repression against subversion, which was cruel in its origin, with a response from the state which was likewise cruel. Furthermore, there is the Malvinas experience.

[Question] Do those sectors which you mention represent the military power?

[Answer] No, these young officers are not the military nation, but rather armed citizens to guard the sovereignty and the borders. Experience has taught that they were, rather, a police Army, with their weapons aimed inward to subjugate their people. For this reason, the structural reforms in the Armed Forces have made it possible for those cadres to become reinstated in society.

[Question] But you know as well as I that the political ambitions of the military cannot be eradicated by decree. Concretely, what will the government's reassurance be for putting an end to the coup movement?

[Answer] It must be realized that what is important is ending the strong link that has built up certain interests. The Latin American problem is the alliance of the national oligarchies with the Armed Forces, subjected to sectorial interests. This has happened here and in other countries. Hence, we must make the institutions operate with the freedom that befits them, and note which interests are at stake. It is true that the problem cannot be eliminated by decree; the responsible exercise of the democratic system is needed.

[Question] What would you do if, sometime later, a uniformed general should enter by this door to your office and tell you: "Lopez, go home; you are no longer the government"?

[Answer] Well, that is creating somewhat of a fiction. I cannot tell you now what my reaction would be, because that would depend on the political situation at that presumed time. If I were aware that we have helped to create a situation that would make what you have said possible, I would feel less disposed to react than if I had acted properly.

[Question] I didn't think that you were so cold...

[Answer] No, let me finish. The reaction that I would have also depends on what I may have eaten the night before. If I had eaten something that upset my liver, I would surely grab this desk lamp and throw it at his head (laughter). I think that one has to react in some way, and one must avoid reaching such extreme situations, using all available means. I prefer to discuss the problem with the Armed Forces' officers, disputing and comparing arguments, but seeking a way whereby all of us can progress toward the same direction.

[Question] The government claims that it found a situation which was inherited and which is worse than had been imagined, but it does not offer any great details. Could you give three concrete examples of this?

[Answer] One is the composition of the foreign debt. Another is the presence of a system of prerogatives for the officials which are obviously alarming.

[Question] Like what?

[Answer] I once commented to the president that this was the third time that I have been in the government, and I had the impression that, under the previous administrations, there was a certain amount of republican virtue associated with authority, compared with the last military term. There have been sinecures here that have given the impression that one is in a monarchy, from the number of benefits given to the officials.

[Question] Give me an example.

[Answer] The example is the intermediate category officials, who had official cars for themselves and their families, and who had houses and weekend estates, and recreational homes in Bariloche. That's not something minor, is it? At odds with this is the president's austerity policy, recalling at every interval the need to cut the state's expenses.

[Question] To change the subject, how is compatibility achieved between the government's announcements calling for social justice and the alarming rise in the cost of living?

[Answer] We must admit that inflation has not been checked, that we have made some mistakes with the increase in meat prices and that the livestock supplies have declined. But there was a very sizable rise in real wages; and we shall have to see whether or not it is feasible for everyone. Because if the wage-earner's purchasing power is increased and there is no planned response (more supplies of the goods in question), there will be a leap in inflation, and we could succumb to the black market. If that happens, if a spiral is formed, the real increases will end up being token increases. And that is what we must prevent.

[Question] But in present-day Argentina, it is virtually impossible to live on 5,000 pesos, an average wage earned by much of the wage-earning population.

[Answer] That is a reality which will have to change, however much the increase in real wages may exceed the expectations of the government. But you must realize that, concurrently, there are no major complaints over unemployment, despite the fact that idle productive capacity exists. These contradictions must be handled carefully, so as not to succumb to the game of sectors which are operating in a direction opposite that of the government. There are some who want a very severe devaluation to occur.

[Question] This is a malicious question: Is German Lopez a gorilla?

[Answer] I don't know whether I could be a gorilla. Certain sectors may view me thusly; sectors associated with the large banks and the financial nation may possibly consider me a gorilla. If the definition of gorilla is the one coined at the time, when the liberating revolution took place, no, I am not a gorilla. I never had an aggressive position toward the trade unions or Peronism; so much so, you see, that if you will turn off that little device I shall tell you two or three stories...

2909

CSO: 3348/344

POLL SHOWS 55 PERCENT APPROVE OF GOVERNMENT

Buenos Aires SOMOS in Spanish 30 Mar 84 pp 6-10

[Excerpt] Since Alfonsin's election, there has been increasing concern in Argentina for learning what the public thinks of the new government. For this reason, on 27 February SOMOS published a gauge of consensus for the government's first 60 days. In this issue, it offers a second probe, this time to assess the first 100 days. The job was assigned to the agency A & C Business Analysts and Management Consultants, the same one that predicted Alfonsin's victory in the elections during 1983. A & C applies to its work the methodology of the United States firm, Louis Harris & Associates, a company with which it is associated and which specializes in gaging public opinion. For this new poll, a representative sample of the Federal Capital and Greater Buenos Aires was used, selected on the basis of the parameters of the 1980 census, to determine the proportionate breakdown according to sex, occupation, socioeconomic level and schooling level. The resulting material was processed electronically, and the margin of error considered for this sample is approximately 5 percent.

How Alfonsin Is Working

The pollsters took to the streets to ask two basic questions:

How is President Alfonsin doing his job?

Whether you would vote for him today, if there were elections.

With regard to the first question, 13 percent said that the Radical president was performing his duties "very well." A large group of 42 percent opted to say "well," while 26 percent chose "fairly." There were 8 percent for "poorly" and 2 percent for "very poorly"; while 9 percent tended to say they did "not know."

One infers from these results that the positive opinions (combination of "very well" and "well") readily exceed the negative ones ("poorly" and "very poorly"): by 55 to 10. Left in the middle are the "fairly" responses, which are normally interpreted as those of a segment which has expectations as yet unfulfilled, but which could proceed to increase the positive opinions if the government adopts some measures that they prefer. The 9 percent of those who do not know is also

interesting: With this type of question, not knowing is not necessarily equivalent to ignorance, but rather to a feeling of doubt or not wanting to commit oneself to an answer yet. There may be in that group which does not know a considerable percentage who think that it is too soon yet to form a judgment of the government. It is also worthwhile to make a quick comparison with what happened a month and a half ago. In the 60-day survey of consensus, there was one point less for "very well" (12), and four points more for "well" (46). The positive opinions comprised 58 percent, three points more than at present. Meanwhile, the negatives ("poorly" among 6 percent, and "very poorly" among 2 percent) comprised eight points, two fewer than now. In any event, these differences are considered slight from a statistical standpoint, because they come under the margin of error shown by both samples.

The Polarization By Sexes

On the other hand, where it becomes obvious that the figures are indicating a trend is in the comparison between men and women. As may be recalled, during the entire preelection period, the polls indicated a clearcut preference among the female sex for Alfonsin's candidacy, while in the case of the men, the placement between the two majority parties was more even. That trend became marked in February, when the women's positive opinions exceeded those of the male sex by six points. And another step in the same direction has been taken again for the 100 days, in this poll: 63 percent of women are grouped between the answers "very well" and "well," and only 46 percent of men are included in the same group of positive replies.

The 6 percent gap increased to 17 percent, proving that the polarization between the sexes with regard to the government's administration is still on the rise. The figures begin to balance, partially, when the category "fairly" is studied: 31 percent of the men respond in that way, compared to 22 percent of the women. As has been noted, the "fairly" could also have an undecided quality (so, the women are more decided); and somewhat the same holds true of those who "don't know," numbering 11 percent of the men (a high percentage) and 8 percent of the women. Finally, in the negative votes, the men moved from five points in February to 12 in this poll (still combining the "poorly" and "very poorly"); whereas the women moved from five to seven points.

The Skeptical Ages

The age segment most skeptical toward the government's progress is that of men aged from 45 to 54 years: only 25 percent with positive opinions, compared with 48 percent in the 18-23 age group, 49 percent in the 24-34 age segment and 53 percent among those ranging between 35 and 44 years of age, which is the most satisfied sector. This percentage increases later among those from 55 to 65 years old, with 50 percent. On the other hand, the women least optimistic about the government's administration were found in the age group ranging from 18 to 34 years, whose average is lower than that of the other age groups, particularly when compared with the 35-44 year group, which is the leading one with consensus in favor of Alfonsin: 77 percent. But even in the least satisfied sector, the women's approval is strong: 55 percent. If one looks a little more

closely, it will be observed that the poll shows that the government has considerable support among business owners (72 percent with positive views and 20 percent responding "fairly," which leaves very little room for the adverse opinions). Professional people are more hesitant, although Alfonsin retains 54 percent with favorable opinions as opposed to only 12 percent opposed. Among white collar workers, the backing continues to be sizable (58 percent positive, 7 percent negative and 35 percent shared by "fairly" and "don't know"); and it has its lowest level among self-employed workers, 42 percent of whom approve of the government's effort. But (at the same time) this latter sector is the one showing the highest percentage with the answer "don't know": 16 percent.

The probe again shows a pattern of judgment that has remained unchanged throughout the polls preceding the 30 October election: Alfonsin's backing increases as one enters the sectors with a higher educational level.

This time, 15 percent of the university graduates answered "very well," and 44 percent, "well"; when combined, the positive opinions reached a solid 59 percent. This figure is exceeded in the group with complete secondary schooling (61), but then declines in the group with incomplete secondary schooling (46), gaining somewhat among those with primary education (55), and dropping among those with no education (45). The latter group also contains the bulk of those who "don't know": no less than 27 percent.

Voting Today

Then we come to the second basic question in the poll: "Whether you would vote for Alfonsin today."

A total of 51 percent (very close to the 52 attained by the Radical candidate last October) said "yes." There are 30 percent who answered "no" and 13 percent who said that they "don't know." Those who "doubt" numbered 6 percent.

Thus, one may infer that, while the government seems to be retaining the initial backing (a telling point, because no one is unaware of the difficulties that it is facing and the traditional process of attrition that usually appears in any governmental process), the Peronist vote is becoming fragmented. On the one hand, 30 percent say "no," and they surely have recruited most of their supporters among the Peronists; but, on the other hand, there are 13 percent who "don't know," and this could reflect two moods: one of hesitancy toward supporting the Justicialist leadership with respect to the opposition party (remember that it received 40 percent in the elections) and, conversely, a latent apprehension regarding what the Radical government might do. 6 percent of those with "doubt" could also fit comfortably in this latter group. When the division is made according to sexes, again the women show the greatest support for the president: 61 percent would vote for him today, as compared with 40 percent of the men; 23 percent would not vote for him, as opposed to 38 percent of the men; and 9 percent of the women "don't know," compared with 16 percent of the men who give the same answer. With respect to doubt, they are nearly even: 7 percent women and 6 percent men. The age group most claiming

it would vote for Alfonsin today (among the male sex) is that of the oldest: 50 percent among those aged 55-65 years. They are followed, eight points below, by those ranging from 24 to 34 years old. On the other hand, the "no" response became strong (still among men) in the group between 45 and 54 years old: 46 percent. Among women, those most decided to vote for Alfonsin today if there were elections are the ones from 35 to 44 years of age (64 percent). The largest volume of "no" replies appears in two brackets: the 24-34 and the 45-54 year age groups, both with 28 percent.

Some 63 out of every 100 business owners said that they would vote for the current president today. In this connection, one again notes a difference from the professional people, whose "yes" stood at 46 percent, in other words, 17 points behind.

Concurrently, the "no" of the professionals is one of the highest percentages (35), exceeded only by the self-employed workers (39) and the unskilled workers (37). In the case of white collar workers, the vote for the Radical Party today, according to the poll, would reach 56 percent, as compared with 30 percent replying "no."

Finally, based upon educational level, the largest number replying "yes" (56 percent) again appears among those with complete secondary schooling, with university graduates very close, numbering 54 percent. The greatest reluctance is shared by those with incomplete secondary schooling and those with "none," totaling 39 points. Therefore, on this issue the trends continue to depict the same situation both before and after 10 December 1983.

Table 1. Would You Vote For Him Today?

Yes: 51 %
No: 30%
Don't know: 13%
Doubt: 6%

Table 2. How Is Alfonsin Working?

Very well: 13%
Well: 42%
Fairly: 26%
Poorly: 8%
Very poorly: 2%
Don't know: 9%

How those polled view Alfonsin's work. When the "very well" and "well" replies are combined, the positive opinions total 55 percent, compared with 10 percent negative. Based on occupation, there is strong support from business owners and white collar workers, and more lukewarmness among professionals.

By Occupation

	Business owners	Profes- sionals	White collar	Skilled workers	Unskilled workers	Retired	Self- employed	Others
Very well	9%	19%	16%	13%	9%	11%	6%	16%
Well	63%	35%	42%	44%	46%	37%	36%	35%
Fairly	20%	31%	26%	26%	35%	30%	31%	17%
Poorly	3%	8%	6%	6%	2%	11%	11%	16%
Very poorly	3%	4%	1%	-	-	4%	-	3%
Don't know	2%	3%	9%	11%	8%	7%	16%	13%

The Support From Men and Women

	Men	Women
Very well	8%	17%
Well	38%	46%
Fairly	31%	22%
Poorly	9%	6%
Very poorly	3%	1%
Don't know	11%	8%

2909

CSO: 3348/344

GENERAL SIMARI ON ARMED FORCES RIVALRIES, CIVILIAN AUTHORITY

Buenos Aires SOMOS in Spanish 9 Mar 84 pp 8-10

[Interview with Retired Brig Gen Alberto Simari by J.C.A. of SOMOS; no date, time or place given]

[Text] He is 55 years old. He went into retirement after causing the first military controversy in the Radical Government. He spoke to SOMOS and did not evade any question. This is the way Brigadier Alberto Simari thinks.

[Question] Brigadier, was your dissidence personal or did it represent the thinking of the Air Force on the subject?

[Answer] Without any doubt, what I said at that meeting is the thinking the officers of the Air Force have on the subject. I was the commander of training and had around 400 officers under my command. My thinking is institutionalized and is not personal thought.

[Question] Was your argument aimed personally at Gen Fernandez Torres or at the fact that the Army is at the head of the Joint Staff?

[Answer] What the Air Force seeks is to have the Joint Staff have a balance with respect to its members. That had been the agreement among the three forces. It is clear that in those meeting I heard for the first time that this is an emergency structure and that on 1 January 1985 there is going to be a return to the former. It was truly difficult to understand how joint military planning could be done, above all how can the first steps in a reorganization be taken, the most difficult steps, without an equitable distribution of forces.

[Question] But it was said that in that meeting you questioned Gen Fernandez Torres himself.

[Answer] That did not happen. There was even another session. In Wednesday's meeting I posed the problem. In the other meeting, that of Thursday, seeing that he had been affected by the things proposed, I asked whether anyone felt personally insulted and they answered that they had not. I asked if some institution had been insulted and they also answered "no." The only thing that was questioned was the timing in posing the difference. Now it is true that on that day, when I was told that the meeting was for an explanation, I said that I could not grace with my presence an explanation on a subject on which the Air Force had not been consulted as an institution.

[Question] Who had prepared that explanation?

[Answer] It had been prepared unilaterally by a group of colonels and then presented for the consideration of the other forces; a group of colonels who really could have great ability, I do not doubt it, but neither do I acknowledge it. The only time that the complete cycle of planning was carried out by the Joint Staff, without importing doctrines from other places, which in the long term are not applicable, was with General Toscano, approximately in 1968, and I remember very well that none of those colonels was there. This should be a reason for analysis by those who have the responsibility of leadership.

[Question] In the final analysis you also question the subordination of your branch to the Joint Staff...

[Answer] The Joint Staff is by doctrine an advisory and planning group at the highest level. What we want is for that to be a success and we must all collaborate for it. If it is joint, it is redundant to explain that it must be joint. In that respect our dissidence cannot be taken as opposition to the action of the government or an opposition to the commander in chief because the commander has not yet arrived at a decision. Our military training says that one advises and poses his disagreements before a decision is made. When the decision has been made--in this case with respect to the proposal and how it is going to be put into effect--we all comply and we line up behind the commander. That is why it is much more honest, much more worthy and sincere to pose problems now, when a decision has not yet been made, than to be quiet and allow the possibility of an error being committed.

[Question] But obviously it bothers you that the Joint Staff is in the hands of the Army.

[Answer] I am going to clarify one more point for you on this subject of the subordination of the Air Force to the Joint Staff. If we note that at the head of this body is a lieutenant general and all the joint operation commands or joint zonal commands are subordinate to him, commands which because they are ground commands are also going to be under the command of a general, as they have always been, then the brigadier is going to appear in which is called the Theater of Operations Air Command. Thus, the Air Force is not going to be used to its full capability, which is what is important. In this fashion we are going to reduce the Air Force into a support force. It is going to be used to eliminate the obstacles that may present themselves to a strategic ground maneuver. In that way we shall be regressing 40 years to a time when the Air Force was a branch of the Army.

[Question] Your technical argument is very worthy of consideration. However, it is also true that according to the former system of rotation, you all had a turn at heading the Joint Staff. On the other hand, the Radical Government gave it once more to the Army. Is this proposal not a reaction to that action?

[Answer] That is not so. Your question, it seems to me, is very interesting for clearing up some concepts. We have to think as Argentines, as citizens and as military men. We want to propose, as Argentines, what type of armed forces our country needs. The philosophy of planning must be changed. The actions

of the armed forces must be focused on being a deterrent force and not a force for the occupation of enemy territory. And that is what we wanted to propose in a military forum, where it should have been proposed, in the Joint Staff. On repeated occasions we asked that a brigadier, a general and an admiral be heard and then see who was right.

[Question] What is the structure you propose for the armed forces?

[Answer] We think, and I personally have that conviction, that the best thing for our country, which has a large mountain range which prevents certain measures, is to have a deterrent force, which would make the cost of the armed forces less expensive and prevent an attack on us because they would know that we could respond effectively to any attack in 4 hours. I have nothing against the army. I also want unified armed forces. I do not feel any hostility against the navy either. But in view of the fact that the country is financially facing the reorganization of its armed forces, I have the duty to say what I think.

[Question] How will the cost be lessened?

[Answer] By determining the jurisdiction of each of the forces. It is not possible for all of us to have aircraft. We do not want to have ships or tanks or, like the United States, arrive at the point where each force is self-sufficient. In a country such as ours, with financial limitations, we want to share a joint action. You will have to agree with me that ground-based aircraft can reach any hypothetical battleground of the country. It is then worth asking why we must have aircraft on ships.

[Question] You specifically question the need for an aircraft carrier?

[Answer] Yes. In my 37 years of military life since the aircraft carrier was purchased I have not heard a coherent explanation. This is all right for the United States and England who take the war out of their continent. They have carrier aircraft because otherwise they could not reach the place they have to attack. But we? For what do we want them? I do not mean to start an argument with anyone by this. It is what I think.

[Question] Your arguments are very clear and even interesting. However, brigadier, it is impossible to listen to you and forget all those anecdotes which came from the Malvinas War. For example, that the Air Force closed the airport to a naval aircraft or that the latter would not carry something asked for by the Army...It was seen there that this competition was more important than the joint task. It is impossible, therefore, not to think that your proposal is not another chapter of ill-disguised competition among the three forces for gaining ground.

[Answer] I would tell you that such competition is world-wide, and even that we have not gone to the extremes you have presented with your examples of the Malvinas. In critical moments we all aimed at the same place. What also takes place is that many times there is a lack of knowledge of what is going on. I remember that there were those who wanted to have permanent air superiority in the Malvinas. That is illogical. It was impossible to have a cover of aircraft, like an umbrella, flying permanently. There were many misunderstandings because of a lack of knowledge.

[Question] But those misunderstandings existed...

[Answer] Much of what you say is true. I do not deny it. And that is why joint action is going to be of benefit for us. But I insist it must be well proposed. We as a country have always reiterated that we are pacifists, that we do not want to annex territory because we have too much of it, that we do not want to bring war to other countries. Therefore, what we should have, given our financial characteristics, is a large deterrent force. Now, if the country wishes to occupy enemy territory, then, yes let a powerful army be created which can be moved in 45 days.

[Question] You have referred to the example of Israel many times.

[Answer] Exactly. Its neighbors fear it because of the way it handles its aircraft. In our case, I repeat, with the air force, we are in a condition to respond to any attack in 4 hours.

[Question] You told me at the beginning that your position is not personal, that it reflected the thinking of the force. You even used the word "We" many times in answering. A question then arises. Was the problem overcome with your retirement?

[Answer] I understand your question. I can assure you that the Air Force is very subordinated and I guarantee you that it is a support of the democratic government. We also know that the Air Force is very efficient, as it demonstrated in actions outside the country, but does not have the same efficiency inside the country because it is not trained for that.

[Question] Is that a self-criticism for the activities entrusted to you during the process?

[Answer] No. After the Malvinas we tried to show that we did have that 33 percent which they have attributed to it so much. And it achieved it by means of a great effort and great weakening. I would even tell you that the great weakening of the armed forces, that rivalry of which you spoke to me about and which the civilian area has noted, is due more to political action than military action itself. Specifically we denounce the illegals, we hoist the banner of the foreign debt because we have almost no debt of our own; we did not spend a single dollar after the Malvinas.

But let us agree that the force was also active before the Malvinas and that the generalities of the law also apply to it. Incidentally, it was a brigadier who coined the phrase that the Argentines ate every day, even after the Malvinas when the figure of Brigadier Lami Dozo had grown so much, the force published a document which dashed all hopes. Several of those fiascos were committed by them.

Yes. However, we have done so many things right, and one of them is being a good pillar for institutionalization, for the investigation of the illegals, for the foreign debt. But it is true, we have produced political fiascos and I believe that the air force can continue to produce them because it is not

trained for acting politically, nor does it have any calling for it. Actually we never thought we were going to reach the political arena. Many times we had to pinch ourselves to know whether we were resolving national problems for which we had not been adequately trained in our schools. The force as an institution never had political aspirations and perhaps the fiascos are the result of those circumstances.

[Question] Moreover, it always occupied a third place in the order of importance of the armed forces.

[Answer] Yes, without a doubt.

[Question] Until the Malvinas...

[Answer] Exactly. As of that time the force performed 33 percent. I would say that it was the only time that it did so.

[Question] Nevertheless, I still have a doubt with respect to the scant political vocation of the force. At least it has always been pointed out as the bearer of a nationalist political plan, which has even led it to have a certain affinity with sectors of Peronism.

[Answer] What I can tell you is that our force, like all the armed forces, cannot be anything else but nationalistic because if it is not very involved in national aspects, it is nothing, it is a force of mercenaries. It is a nationalist force in the good sense of the word; educated for defending the nation. And we have many youths who gave their lives for the country with great conviction. That is the nationalism of the Air Force. I hope that no one ever tries to diminish that because the force has always felt itself to be the representative of all the national forces in the country.

[Question] I asked you that because, logically, that position can create many political prejudices. For example, is its relationship with the Radicals good?

[Answer] I do not believe those types of prejudices exist. I know the minister from no fewer than 6 months before the elections. I have talked with him. I also know Dr Grinspun with whom I have shared some meetings. I could mention many other Radicals.

[Question] On the basis of that confrontation that concluded with your retirement, do you believe that civilians know how to handle military problems?

[Answer] I believe that the handling of the military sector requires knowledge, years so as to have a suitable professional judgement. Probably because of the fault of the armed forces themselves, we do not have civilians with the capability necessary for understanding the military problem right away. That is the reason for our desperation in proposing this in such a fashion, abruptly. However, the responsibility belongs to the armed forces themselves. From here on, since democracy is going to continue forward, the country is going to train civilians with military knowledge.

[Question] Then we can say that you remove responsibility from the government in this controversy and place it on the armed forces themselves.

[Answer] What I am saying is that there was a dissidence here. I was convinced that it was the best time and the best place to bring it up. Evidently, however, there was confusion and some bad interpretations. But I will stand by every thing I said. If the same incident were to take place, I would do the same thing, although with the sad cost of retirement at a time when I believed I could be very useful to the institution. But it had to be said and in the way I said it, with sincerity, with clarity and even with vehemence. If it cannot be said at those levels what the military problems are, then it cannot be said at any level. At the end we are going to make a mistake for the sake of being obliging.

[Question] Do you personally feel left out?

[Answer] I do not feel left out. I did what I believe an officer of my rank must do under those circumstances. The brigadiers are not there to warm chairs, but to answer to the interests of the country and the interests of the institution. I have no doubt that the Air Force is going to have the place pertaining to it. This is only a transition.

[Question] How did Minister Borras ask for your retirement?

[Answer] I knew that was coming. I told the minister when I entered, since I knew he was going to retire me, that I absolved him from saying the words he would have to say justifying my retirement because I had already heard them many times and had said them as many times myself.

[Question] What did he say?

[Answer] He thanked me and we remained, as always, good friends.

8908

CSO: 3348/329

DAILY EXHORTS ARMED FORCES TO UPHOLD POLITICAL VALUES

Buenos Aires LA NACION in Spanish 22 Mar 84 p 8

[Editorial: "The Role of the Armed Forces"]

[Text] The speech by President Alfonsin on the anniversary of the Regiment of Mounted Grenadiers is among those of greatest importance made by the chief of state in his first months of government. His words were aimed primarily at the military sector, but what was said at that time cannot be limited to the military sphere because its final objective was for the entire country to pay attention to its meaning.

It is obvious that there was the intention of formalizing the position of the civilian government toward the military, after one of the most traumatizing experiences the armed forces have had. This gesture tends to bring the armed institutions back to national life, defines their role in democratic life and preserves them for the future through a reevaluation of ethical, political and professional principles, three concepts which were particularly emphasized by Dr Alfonsin.

The reason for the presidential speech revolves around those values, which must perforce be recovered so as to be able to punish those who are responsible for violating them, as a means for preventing the deterioration of the military institutions, a possibility the Executive Branch does not appear to be willing to accept even though it may have to pay an undeniable political price.

The president not only made a specific mention of the responsibilities accruing to him as commander in chief of the armed forces, but upon doing so he took a substantial step toward establishing that the armed forces belong to the republic and they must be a part of the government because they cannot be set aside as if they did not exist.

This is making an adjustment to a constitutional reality. Otherwise it would mean the waging of a work of breaking up the armed forces for a political purpose which is easily recognized. The Executive Branch revealed its decision to act upon the armed forces and promote their introduction into the democratic system.

The objective of this redefinition of relations was expressed by the president when he said: "I would not consider my task fulfilled if at the end of 6 years of government I were not to see a parade in which citizens in civilian clothing marched arm in arm with uniformed citizens." The symbolism of the image is enough for dispelling doubts with respect to the proposal in this aspect being made by the Executive Branch.

The idea on means of action for safeguarding the military institutions was always present in the government but perhaps was never so clearly maintained. A review of the past demands--and the government understands this--drastic, rapid and specific measures.

It is true that this encountered some obstacles. However, it is no less true that in view of the opportunity offered by the government so that the Armed forces themselves are the ones responsible for taking the necessary steps for safeguarding the institutions, the armed forces should take a reciprocal position.

This means that it becomes necessary for the Supreme Council to accelerate its action so as to allow the military institutes to quickly overcome the circumstances which necessarily accompany the difficult period of performance and completion of the undertakings which have been entrusted to it.

8908

CSO: 3348/329

PAPER CENSURES ARSENAL BUILDUP IN LATIN AMERICA

Buenos Aires LA PRENSA in Spanish 24 Mar 84 p 6

[Editorial: "Poverty and Weapons in Latin America"]

[Text] The countries of Latin America will soon have to decide--otherwise the phenomenon will acquire explosive aspects--on a difficult alternative, as is commonly said: Improve the standard of living and the human condition of their inhabitants or continuing buying weapons. Moreover, there is the dramatic problem of the foreign debt, which already exceeds, because of the increase in unpaid interest, the sum of \$300 billion, a sum which is the equivalent in round figures of \$1,000 per inhabitant.

The survey, made by a German news agency, established that the 17 countries which make up the debtor group purchased 645 military aircraft, 72 ships (13 submarines among them), 16 frigates, 18 corvettes, 370 tanks, 532 armored personnel carriers and 82 helicopters (these figures include weapons already received, those purchased but not yet in the country, and those under negotiation for purchase). The list also includes rocket launchers, missiles, cannon, electronic control devices, hand weapons, patrol launches and other items.

The right of each country to attend to the requirements of national defense in reasonable terms is not in question here. Moreover, under the present circumstances in the world of "armed peace," no one can be urged to be a "disarmed prophet." The problem is another. It consists of determining whether weapons purchases, because of their volume, their makeup and cost, enter in the order of priorities in which health, housing, education and scientific research also participate. Thus, for example, Brazil who marches at the head of all the debtor countries with almost \$100 billion in debts, also heads the list of those who purchased military aircraft (218) units; followed by Argentina with a debt of \$43 billion and the purchase of 99 combat aircraft, in part, perhaps for replacing the losses suffered during the southern conflict. Mexico, with a debt of \$85 billion, bought 86 aircraft. Peru, although with a smaller debt, \$12 billion, has 85 aircraft already purchased or about to be delivered.

According to information provided by the agency, Argentina has purchased four frigates, six corvettes and four submarines. Brazil has bought four corvettes and two submarines; Mexico, four frigates and another 13 warships; Peru, two frigates and four submarines and Venezuela, six frigates. Brazil and Argentina also head the list of countries which have purchased the largest number of tanks.

Despite the thoughts brought up by the aforementioned relationship between the public debt and the expenditures in weapons, it is worth emphasizing that the latter are much smaller than those made by countries of the Middle East, Africa and Asia, the majority of which have a standard of living lower than Argentina.

The surprise for many--we have been saying this for several years--who may read this information, is learning that Cuba with 10 million inhabitants has an army numerically equal (153,000 soldiers) to that of our country (28 million inhabitants) and only smaller than that of Brazil (277,000) with 125 million inhabitants. Cuban aviation is the most powerful (250 Soviet aircraft), compared to 187 for Brazil and 164 for Argentina. With 1.58 percent of its population in the armed forces, Cuba occupies second place in this order of things in Latin America, surpassed only by Nicaragua with a rate of 1.80 percent.

To eat, dress, educate themselves, sleep under a roof, arm and pay their debts is impossible for the people of developing countries.

8908

CSO: 3348/329

REPORTAGE ON TRADE TRANSACTIONS WITH PRC

Trade To Total \$1 Billion

Rio de Janeiro 0 GLOBO in Portuguese 25 Mar 84 p 38

[Text] Brasilia--Minister of Finance Ernane Galveas announced the conclusion of commercial agreements yesterday which call for an increase in bilateral trade to \$1 billion before this year ends. These transactions were negotiated by the minister and the delegation of businessmen who accompanied him on his trip to Peking. They pertain to Brazilian exports of steel, pig iron and iron ore, while Brazil will purchase crude oil, wheat and rice from the Chinese.

A protocol signed yesterday by Minister Galveas and State Councilor and Minister of Foreign Economic Relations and Trade Chen Muhua calls for the export of 1.5 million tons of metallurgical products by the SIDERBRAS [Brazilian Iron and Steel, Inc.] in the next 3 years. In another protocol, the Rio Doce Valley Company (CVRD) and the United Brazilian Mining (MRB) group agreed to export 4.5 million tons of iron ore to the Daoghan metallurgical plant between 1985 and 1987.

The delegation of businessmen also signed contracts for the sale of 500,000 tons of iron ore, 200,000 tons of pig iron and 20,000 tons of raw cellulose beginning this year. Where the Brazilian exporters are concerned, a protocol for the supply of 420,000 cubic meters of tropical timber was signed.

The Chinese in turn will increase their exports of crude oil to Brazil from the present 1.5 million tons per year to 2.5 million tons. Negotiations for the purchase of rice, cotton and wheat by Brazil were initiated.

The director of the Foreign Trade Department (CACEX) of the Bank of Brazil, Carlos Viacava, a member of the delegation, reported that bilateral studies with a view to the participation of Chinese enterprises in joint venture projects with the Rio Doce Valley Company are being further pursued.

Viacava said that the delegation is offering the Chinese, where the CVRD is concerned, participation in the iron mines project in Trombetas, Minas Gerais. The Trombetas deposit has been estimated at 160 million tons, with a capacity to produce about 7.5 million tons of iron ore annually.

President Figueiredo's Visit

Rio de Janeiro O GLOBO in Portuguese 26 Mar 84 p 15

[Text] Brasilia--Premier of the People's Republic of China Zhao Ziyang said yesterday during a 45-minute meeting with Brazilian Minister of Finance Ernane Galveas that the visit President Figueiredo will pay to China (planned for May or June) may serve as a new landmark in the economic, political and trade relations between the two countries.

Following the signing of a trade protocol, which will make an increase in trade transactions to the level of \$1 billion before the end of this year possible, Ernane Galveas told Zhao Ziyang that "Brazil and China have a great potential for mutual benefit because of the extent to which the two economies can complement each other."

The protocol signed yesterday calls for Brazilian exports of metallurgical products totaling 1.5 million tons in the next 3 years and the import of 2.5 million tons of oil, as well as iron ore, cellulose and pig iron. During his meeting with the Chinese prime minister, Ernane Galveas stressed that there is a real potential for expanding bilateral trade, mainly in the field of equipment, machinery and tools.

Fifth-Ranking Oil Supplier

Rio de Janeiro O GLOBO in Portuguese 4 Mar 84 p 17

[Text] The People's Republic of China ranked fifth among Brazil's oil suppliers in 1983, due to the general policy of diversified purchases adopted by the PETROBRAS [Brazilian Petroleum Corporation] in the past 2 years. Figures released by the CACEX indicate that China practically doubled its sales of oil last year, accounting for 6.34 percent (\$496 million) of a total of about \$7.8 billion for imports of the product.

The CACEX figures also show a considerable resumption of Brazilian purchases of oil from Iran, totaling \$388.9 million, as compared to only \$49.9 million in 1982, representing an increase of 679.61 percent. Angola also became a major supplier, almost doubling its contribution to national oil imports, with sales of \$190.8 million as compared to \$99.7 million the preceding year.

There was a decline in the position of the traditional seller countries, particularly the Arab nations belonging to the OPEC. For example, purchases from Saudi Arabia were down 23.63 percent (\$2.826 billion in 1982 and \$2.158 billion in 1983), and the same was true of Iraq, with a drop of 19.50 percent (\$2.572 billion as compared to \$2.071 billion).

China May Buy Pipe

Rio de Janeiro JORNAL DO BRASIL in Portuguese 20 Mar 84 p 18

[Text] Sao Paulo--China may be the recipient of about 30,000 tons of steel pipe produced in Brazil annually, a Persico Pizzamiglio official revealed

yesterday. This enterprise, which has already shipped to the Chinese market, has a representative on the delegation headed by Minister Ernane Galveas which is paying a visit to that country.

Persico, the largest manufacturer of seamed steel pipe in the country, believes there is a market in China for the Brazilian product, and that because China is a good client for Brazilian steel plate, it may step up purchases of other ferrous and nonferrous metallurgical products. The Chinese purchase mainly carbon steel pipe for use in civil construction and for pipelines for liquids and fluid materials.

Resumption of Sales

According to the Persico management, the sale of Brazilian pipe was interrupted early in this decade as a result of a change in the economic policy of the Chinese, who were seeking to increase and modernize domestic production. At that time, the enterprise ceased to be represented at the office which BRASILINVEST had in Peking. Now, however, it is believed that trade relations will be reestablished in this sector.

Persico Pizzamiglio, which has been in existence for 32 years, has a production capacity of more than 350,000 tons of pipe per year at its three plants. Two, Guarulhos and Tatuape, are in the capital of Sao Paulo, and one is in Rio de Janeiro, where the Brazilian Pipe Industry (IPT) subsidiary is located. In addition to carbon steel pipe used in civil construction and the automobile, shipbuilding and oil industries, it also produces stainless steel pipe for the food industry and sugar and alcohol plants. This enterprise regularly exports to the United States and Europe, as well as South and Central America, the Middle and Far East and Australia.

5157

CSO: 3442/81

NETTO OPTIMISTIC ON INFLATION, SECOND-QUARTER INDUSTRIAL GROWTH

Rio de Janeiro O GLOBO in Portuguese 18 Mar 84 p 38

[Interview with Minister of Planning Delfim Netto by RADIO GLOBO; date and place not given]

[Text] Minister of Planning Delfim Netto is optimistic about declining inflation. Without venturing any figures, he said in an interview granted to RADIO GLOBO that prices will "be reduced systematically" in the coming months. In his view, the government is setting the example by cutting expenditures and needs the cooperation of the people, particularly housewives, whom he advised to boycott products showing excessive price increases. Delfim Netto said that the reopening of Nova America is only awaiting certain final arrangements between the National Economic and Development Bank (BNDES), the Bank of Brazil and the Ministry of Justice. It is President Figueiredo's recommendation, he added, that the problem be resolved "as soon as possible." The minister further stressed that agriculture continues to be the government's highest priority, and that with the release of the jumbo loan by the international banks, Brazil is "returning to normalcy."

Inflation and Agriculture

RADIO GLOBO: How do you manage to sleep at night in view of the difficulties Brazilian citizens are experiencing in connection with the constant increase in prices? We know that this concerns you greatly.

Delfim Netto: I have great difficulty sleeping. It is President Figueiredo who is tremendously concerned about these problems, and we have done everything which seemed proper and within our reach to overcome inflation. However, inflation is not purely a government problem. It is a problem for all of society. We must make the Brazilian nation aware that a real effort is needed to reduce inflation. The government is setting the example. The government has cut its expenditures. The government is controlling its currency issues. The government is spending money very parsimoniously and exclusively for the most profitable projects, in order to reduce the difficulties in combatting inflation.

RADIO GLOBO: Minister Delfim Netto, Professor Chacel of the Getulio Vargas Foundation says that inflation this month will be lower than that last month. Do you believe that Professor Chacel will be right this time?

Delfim Netto: I believe that the trend is truly toward a reduction in the inflationary rate. I think that all that has been done will produce results. And we are likely to see a gradual but systematic reduction in the rate of inflation in the coming months.

RADIO GLOBO: When the new minister of agriculture, Nestor Jost, was sworn in at a ceremony you attended, he made various demands for the agricultural sector of the country, and you immediately said that conditions would allow accommodation by the Planning Ministry. Do you believe that Brazilian agriculture will experience a new thrust now, with the new minister and with the new measures which will be adopted?

Delfim Netto: Agriculture continues to be the No 1 priority of the government of President Figueiredo. He stated this on the day of his inauguration, and no one has kept his word better than he. Since he took office, we have liberated farm prices, provided credit, established minimum prices and basic cost values, and supplied resources for the purchase of products after they are produced. And it has been thanks to this continuing work by the president that agriculture has expanded as much as it has in the past 5 years. The real truth is that, despite these adverse weather conditions, farm production continued to increase. And this very year there is great speculation as to whether the harvest will fail here or there, but the truth is that the harvest is perhaps a little less than the estimates predicted, but substantially larger than the harvest last year. Basically, this guarantees a reduction in the increase in food prices, which is a terror for all of us.

RADIO GLOBO: We read last week, and we have heard statements by you to the effect that with the release of the first part of the jumbo loan, Brazil will be in a position to continue to grow economically. When is this acceleration of the economy likely to begin, Mr Minister?

Delfim Netto: It is our hope that by the second half of the year, we will see the first results in connection with industrial production. We are making a great effort. With the release of the foreign loans, we are bringing our accounts up to date. We are expecting to eliminate the foreign exchange monopoly in the course of this month. And with all of this, Brazil is returning to normalcy, which seemed impossible 6 or 7 months ago. It is returning to the normalcy which the pessimists continued to insist was an impossibility.

RADIO GLOBO: At the beginning of President Joao Figueiredo's open approach, various press organs reported, although I do not know if these were actually your words, that in your view, democracy would be a very difficult thing on an empty stomach. Did you really voice such a thought, and do you still think this today?

Delfim Netto: I never made that statement, but in any case, I believe that it contains a certain measure of truth. No regime can really rest calm if you do not have a guarantee of supply. What President Figueiredo has done since the beginning is to guarantee supply. This is a country with a very short memory. Six years ago, we had lines forming there in your beloved Rio

de Janeiro, where people were desperate. We forget that there were no beans, there was no rice, no meat, no oil. The truth is that all of these things are to be found today, at high prices, it is true, but all these things are there. One never hears of lines any more. The fact is that people's memories are very short.

Energy and the Debt

RADIO GLOBO: I would like you to tell us your thinking about what has just happened in Argentina, where the people are experiencing a week with no possibility of buying meat, due to the export problem.

Delfim Netto: A measure such as that in Argentina basically shows the heroism of the people. It shows the decision of the government to have its citizens forsake meat in order to honor the foreign debt. As a friend of Argentina, I must say this seems to be correct.

RADIO GLOBO: In a way, Brazil has already restricted the supplies of some essential things to the people, through prices, obviously, as is the case for example with oil byproducts. If you found yourself forced to take a step similar to that adopted by the Argentine government, do you believe that this would prove more difficult for the Brazilian people, and would it add much to our economy?

Delfim Netto: The truth is that I believe today that the worst moment is past. The case you mention is typical. And it is a very good thing that you have raised this question. The problem of fuel also shows the heroism and the courage of the Brazilian government and the Brazilian people. When necessary, we reduced the supply of fuel by means of prices, and not rationing, as some hotheads wanted, and which would have really caused a devil of an upset in this country. Brazil cut fuel consumption and did so dramatically, but much more than that, much more important than the cut was the Brazilian oil production response. When President Figueiredo took office, this country was producing 150,000 barrels per day. The president will leave this country producing 550,000 barrels per day. This is not a small increase, but an extraordinary one, more than half the national consumption. When the president took office, practically no alcohol was being produced. We will end with production of 180,000 barrels of alcohol per day. When he took office, coal production was minimal. We will leave this country producing practically the bulk of the coal it consumes, and more than that, the oil energy used has been replaced to some extent by electrical energy, which is also producing its effects. Brazil began with an expenditure of \$11 billion per year, while we will end up with an expenditure of \$6 billion.

RADIO GLOBO: Yesterday I heard statements you made to the effect that the Brazilian debt has to do with the country's commitments in the energy sector, to the extent of 50 percent. Do you believe that these commitments were very important for Brazil?

Delfim Netto: They were, because you see, my belief is the following: The debt accumulated was the result of the oil crisis initially, and then it was

aggravated by the interest rates problem. But what would the government alternative be? Let us suppose that in 1974, the government had decided simply to cut down consumption of all this and avoid any debt. Brazil would have been paralyzed in extraordinary fashion. The suffering would have been much greater. The debt was a tool for continuing to work and to grow, even if more slowly. People must understand that indebtedness as a recourse, although not the most perfect thing, was the measure capable of resolving the short-term problems. We did not have any difficulty with our own indebtedness. The real truth is that Brazil was caught by surprise in the midst of a world liquidity crisis in 1982. And Brazil--and here the Figueiredo government took positive and important action--did not have recourse to the easy expedient of some pamphleteers who believed that you could simply tell the creditors "I cannot pay any more." Brazil chose the correct path, the serious path, the path of the poor man who always honors his commitments.

Nova America

RADIO GLOBO: Twelve million citizens of Rio, and in particular 6,000 Brazilians who are employees of the Nova America National Textile Company, have for several months been expecting a notice about their job guarantees. And today we see news reports to the effect that Minister Delfim Netto is asking for an urgent plan to reopen Nova America. We would like these 6,000 Nova America employees to hear this from your own lips.

Delfim Netto: Immediately after a trip he made to Rio de Janeiro, the president informed me that we should choose a path which would allow the reestablishment of the activities of the Nova America industrial park. We have had a hard task during these 2 months. I believe that we have found the way, and yesterday (the 13th), the president asked me to notify the National Economic Development Bank and the Bank of Brazil and issue instructions to them. The fact is he wants to see the factory park at work as soon as possible. He wants the employees really to be put to work again, and for these people to have their jobs back and to be able to continue to work for Brazil. I believe that this decision by the president truly marks the beginning of activities again, which I hope will come about very soon.

RADIO GLOBO: You have even given instructions to the president of the National Economic Development Bank, and also to the superintendent of the Bank of Brazil in Rio de Janeiro. How soon do you believe we will see the Nova America National Textile Company in full operation again?

Delfim Netto: I would not like to make any prediction, but there is a minimal period necessary in order to put the solution established into practice. Dr Freire, who is the president of the BNDES, and Dr Giampaolo Falco, who is the president of the Bank of Brazil, left here with clear instructions from the president to get the industrial park operating as soon as possible. Dr Freire will make contact now with the most estimable judge dealing with the matter, and if the judge asks that a solution be presented, he will present one, which I am certain the illustrious magistrate will analyze carefully and will approve. And as of that time, the solution will proceed very rapidly.

RADIO GLOBO: Do you believe that it is very difficult for the majority of our citizens to understand your decisions in the Ministry of Planning?

Delfim Netto: No, I do not believe it is very difficult for the people to understand our decisions. What I think is that the people truly suffer from the consequences of these decisions. And I can tell you, when the people criticize, I do not find that they are unjust. I think that they are suffering from the difficulties we are experiencing, because in the final analysis, the oil crisis has impoverished us all.

RADIO GLOBO: I would like to ask you now to address housewives in particular, now that we know of your great enthusiasm with regard to 1984, in terms of the Brazilian economy, a decline in the unemployment rate in the country, and a better life for the people.

Delfim Netto: What I would like to say to the housewives is that I really understand the delicate situation in which they find themselves. And I would like to tell them that this is the same situation in which we all find ourselves, in which the government finds itself. Let us cease to make any expenditures beyond what we can finance through income. But the government cannot combat inflation alone. The people must understand and must cooperate. They must also help us to combat inflation. How? By looking for prices which are a little cheaper, by showing merchants that they are sensitive to price increases, by going as far as to boycott when there are extravagant developments, such as happened last year with the price of meat. To react to price increases is, in my view, to understand that the government is doing what seems proper.

5157

CSO: 3442/81

YUGOSLAVIA OFFERS \$30 MILLION CREDIT TO FINANCE IMPORTS

Rio de Janeiro GAZETA MERCANTIL in Portuguese 20 Mar 84 p 3

[Text] Yesterday, in order to activate the sale of its products to Brazil, Yugoslavia offered \$30 million in credit to back the transactions for importing goods on Brazil's part, which has been traditionally weak. This was the reason for the visit paid yesterday to the manager of CACEX [Foreign Trade Department], Edgardo Amorim, by that country's former minister of foreign trade and current president of the state bank, Ljubljanska Banka, Metod Rotar, who is in Brazil and is holding meetings for the purpose of offering Yugoslav products.

The trade between the two countries is meager, but quite advantageous for Brazil. According to the statistics disclosed by Metod Rotar, after the meeting with the CACEX manager, last year Brazil exported goods worth \$75 million, and imported only \$1 million worth. However, the CACEX data indicate different figures: \$41.4 million in exports and \$202,000 in imports. According to Edgardo Amorim, the difference relates to three-sided transactions carried out between the two countries, counted by the Yugoslav Government and not by Brazil. In any event, it is a result that is quite favorable to Brazil, something that the Yugoslav Government wants to correct.

Competitive Prices

The CACEX manager received with gratification the news of the opening of the line of credit for \$30 million, noting that it was necessary because Resolution No 767 requires financing for all import transactions. But he recommended to the Yugoslav executive that he seek out private business firms to do business, and that he offer competitive prices. Accompanied by the ambassador to Brazil, Vojislav Pekcio, and the Ljubljanska Banka's regional director for Latin America, Stefan Bogdan Salej, Metod Rotar expressed his country's desire to negotiate directly with the private companies and to avoid the three-sided transactions that became common last year. Despite the favorable status that Brazil enjoys in the bilateral trade, he said that his government is still willing to purchase Brazilian goods, primarily iron and steel manufactures, some commodities, industrial parts, spare parts and components and machinery. He stressed that, with effort, the two countries can succeed in diverting their purchases from third parties and increase the bilateral trade.

Machines and Technology

The Yugoslav official, for his part, disclosed his interest in exporting machines and technology, agroindustrial and telecommunications products, spare parts and components for ships and energy systems for small hydroelectric powerplants to Brazil.

2909

CSO: 3342/82

IMPORT SUBSTITUTION SAVES \$3 BILLION IN 3 YEARS

Increased Domestic Production

Rio de Janeiro JORNAL DO BRASIL in Portuguese 1 Apr 84 p 30

[Article by Milton F. Da Rocha Filho]

[Text] Sao Paulo--By substituting for imported manufactured items, fuel oil and gasoline, Brazil has saved about \$3 billion in foreign exchange in the last 3 years, businessmen estimate. The list of substitutions is extensive, ranging from electronic components and high-tech microcastings to paper currency (manufactured by Papel Simao, in Salto, in the interior of Sao Paulo State). Manufactured items alone represent a saving of about \$1 billion, according to the businessmen.

Laerte Setubal Filho, president of the AEB (Association of Brazilian Exporters), comments that any analysis of imports must take into account that "at the start of the recession, foreign purchases were curtailed, and today many items are already produced domestically." Even in the computer industry, most of the products have a high proportion of domestically produced components, which would have been impossible 4 years ago, notes Firmino Rocha de Freitas, president of ABINEE (Brazilian Association of Electric and Electronics Industries).

Survey

Last week ABINEE completed a survey which indicated that, in this area alone, the saving on imports amounted to about \$150 million.

ABINEE president Firmino Rocha de Freitas, Jamil Aun, foreign trade director of FIESP (Sao Paulo State Federation of Industries), and Pedro Armando Ebehardt, president of the National Auto Parts Industry Association, are of the same opinion: the economic crisis and unemployment would have been much worse if this substitution for imports had not occurred.

Based on the association's study, ABINEE superintendent Eduardo Pimentel observed that the substitutions enabled the national industry to begin to produce such components as ceramic electrolytic capacitors, of mica and polyester, connectors, terminals, resistors, ferrite keys, printed circuits and semiconductors. However, CACEX [Foreign Trade Department of the Bank of Brazil] abandoned the program with the first positive results in the trade balance.

"For their part, the businessmen have not set the program aside, because they fear problems in the future with the importation of some components. Many of them are continuing to substitute for imports," Pimentel noted.

Claudio Bardella, vice president and coordinator of the higher economic council of FIESP, advocated incentives for the manufacture of components in the country back in 1975. Bardella points out that, in the last 3 years, substitution for imported manufactured items has generated jobs and permitted a savings in foreign exchange which could be in excess of \$1 billion.

Chemical Sector

This savings in foreign exchange once spent on imports is also observed in the chemical sector. Enrique Soca, president of Dow Chemical, emphasizes that his company's positive trade balance in the last 3 years is "clearly the result of substituting for imports."

In a meeting with businessmen, Paulo Cunha, president of the ULTRA group, acknowledged that the chemical industry, even without using exact replacements for imported items, has in some cases substituted other products manufactured in Brazil. "For example, a special type of yellow pigment has been replaced with a simple yellow pigment, without adversely affecting the quality of the product."

In the war materiel area, substitution for imports has been significant, according to the director of ENGESA [Specialized Engineers, Inc]. In this period, Brazil has begun to produce cannons. Previously, to arm the Urutu, Cascaval and Jararaca light tanks, ENGESA was importing cannons from France. With the creation of ENGEX [expansion unknown], in Bahia, we have begun to produce a series of cannons, which are also being exported."

Through Engetronica, the ENGESA group is preparing to produce aircraft instrumentation, using the technology of North America Collins. The equipment will be used in planes produced by EMBRAER [Brazilian Aeronautics Company], another company which is substituting for imports. It is preparing to produce landing gear, which has been imported up to now.

EMBRAER itself has received a Tucano flight simulator from the Aerospace Technology Center [CTA]. If it had been purchased abroad, the equipment would have cost \$1 million. The CTA technology has been passed on to the ABC/Esca companies, which will produce the simulator.

According to Jamil Aun, president of the Simao group, the country needs a defined policy of incentive to industry, including a tax advantage.

"In 3 years, we have saved about \$1 billion by substituting for imports, but we could do even better if we had a clearly defined policy instead of a series of expedients."

Antonio Ermirio de Moraes, superintending director of the Votorantim group, is more radical. "Everything can be produced here. It is only a matter of wanting to. Our group is potentially a replacer of imports and we are going to pursue this direction, in addition to generating foreign exchange with our exports."

Energy Savings

Rio de Janeiro JORNAL DO BRAZIL in Portuguese 1 Apr 84 p 20

[Text] A major victory for industry in replacing imports has been the substitution of fuel oil--derived from imported petroleum--with biomass and electric power. The industries managed to save more than \$1 billion by replacing the oil with alternative energy sources, according to Jamil Aun, president of the Simao group. He notes that, in addition to the saving on fuel oil, they are also using Brazilian-manufactured boilers. From 1979 until 1983, the paper and cellulose sectors saved \$600 million by substituting alternative sources for fuel oil, according to a survey by the ANFPC (National Association of Paper and Cellulose Manufacturers).

The ANFPC figures indicate that in 1979 the sector was consuming 304,000 tons of alternative fuels annually. Last year the figure reached 988,000 tons. In 1979 it consumed 1,794,000 tons of imported fuel; last year this figure dropped to 635,000 tons.

This success in replacing imports was not limited to the paper and cellulose sector. In the cement sector, major groups like Votorantim, Moinho Santista, Champalimaud and others have replaced oil-burning boilers with boilers fueled by coal.

6362

CSO: 3342/86

BUSINESS LEADERS PREFER CHAVES IN MOCK ELECTION

Rio de Janeiro JORNAL DO BRASIL in Portuguese 1 Apr 84 p 8

[Article by Roberto Fernandes]

[Text] Brasilia--Washed down with Dimple whiskey and featuring stroganoff, roast chicken with gravy and filet of beef, the dinner ended at midnight on Wednesday, when 25 votes were deposited in a bread basket. There were 20 votes for Vice President Aureliano Chaves, 3 for Deputy Paulo Maluf and 2 for Minister Mario Andreazza. The voters and dinner guests: the powerful presidents of state federations of industry and members of the Council of the National Confederation of Industry [CNI].

At noon on that same Wednesday, Senator Albano Franco, president of the CNI, had given a luncheon for 150 industrialists at the CNI headquarters to learn about the program of presidential candidate Paulo Maluf for their sector. The senator also attended the dinner, but abstained from voting.

Trend

The mock election at the Bonapetit restaurant, where, in addition to Franco, there were 18 of the 22 federation presidents and members of the CNI council, exactly mirrored the current trend among the major representatives of industry. In the afternoon, awaiting the luncheon for Deputy Maluf, 6 federation presidents, with a list of 22 state leaders in hand, indicated the preferences of each of them.

They concluded that 80 percent, the same percentage observed at the dinner, favored the vice president of the republic, who has a major base of support in almost all the states in the Central South. According to the six presidents, in the central southern region, only the Goias federation, chaired by Jose Aquino Porto, favored Deputy Paulo Maluf.

According to the same leaders, Maluf also has the votes in Para, where Malufist Senator Gabriel Hermes, vice president of the confederation, is keeping a watchful eye on acting president Altair Correia Viera, an Aureliano supporter. The third vote for Deputy Maluf, say the industrialists, would be that of Antonio Jose de Moraes Souza, president of the Piaui Federation. The two votes for Minister Mario Andreazza are in the northeast, the six federation presidents assured.

They are certainly not in Pernambuco. Among the presidents interviewed by JORNAL DO BRASIL, Gustav Perez Queiroz was the only one to make his vote public. "My vote is for Aureliano, unless Marco Maciel is the candidate. At least 80 percent of my colleagues are backing the vice president." Perez added: "They are all fence-sitting because of Aureliano's uncertain position in the succession race, and no one gets into this kind of horse race to lose, but he is the candidate."

Luis Eulalio Bueno Vidigal, president of the powerful FIESP (Sao Paulo State Federation of Industries), said on that same Wednesday: "The majority are fence-sitting, or they are quiet." He did not want to discuss his preference. FIESP vice president Mario Amato is for Maluf, but Vidigal did not neglect to mention that Aureliano Chaves is the favorite among the Sao Paulo industrialists. "I don't know, but that's what is being said out there."

Second Choice

Pragmatists, as they describe themselves, the industrialists have an alternative choice in the present succession picture: it is Deputy Paulo Maluf. Idalito de Oliveira, president of the Sergipe Federation, is a loyal follower of CNI president Albano Franco. After the Maluf speech to the businessmen on Wednesday. Idalito said: "People in Sergipe are awaiting the decision of the president of the republic and the senator," and he admitted: "Maluf is certainly a fountain of knowledge, isn't he?"

Senator Albano Franco, who advocates consensus "as the way out for the nation," or else "direct elections if consensus is not forthcoming," would not make any pronouncement on the succession and the candidates, but according to three of his advisors, just the scheduling and the bill of fare at the luncheons given for the presidential candidates reveal his position. In January, at the luncheon for Minister Andreazza, Albano served up a peppery defense of direct elections, a process which the minister opposes.

On Wednesday, the CNI president read an incisive economic statement for Deputy Maluf, and a luke warm political speech. In April, the confederation will welcome Senator Marco Maciel and, on a date still to be announced, possibly in June, it will be the turn of Aureliano Chaves. "Will this be the apotheosis, just before the convention?" The question, which came from a businessman, only brought a smile from Albano. Gustavo Perez warns: "We cannot lose our timing. It is pointless to come down off the fence when Aureliano no longer needs anyone's support."

Albano Franco notes that "industry cannot have very much influence in a closed succession process." For this reason as well, certainly, he advocates "consensus."

6362

CS0: 3342/86

CACEX DIRECTOR ANNOUNCES FEBRUARY TRADE SURPLUS RECORD

Rio de Janeiro GAZETA MERCANTIL in Portuguese 9 Mar 84 p 3

[Text] A noteworthy trade surplus was anticipated for February, but the figure announced yesterday by the director of CACEX [Foreign Trade Department], Carlos Viacava, of \$856 million surprised even those with the most optimistic expectations. It was the best monthly performance in the history of Brazilian foreign trade, raising the cumulative surplus for the first 2 months of the year to \$1.441 billion. During February, exports totaled \$1.867 billion, and imports, \$1.001 billion.

In an interview held in Sao Paulo, Viacava remarked: "We are starting the year on the right foot." In fact, the results for the 2 months make the goal of a surplus of \$9 billion set for this year far more practicable. To reach that figure, there will have to be an average monthly surplus of \$750 million. No one expected that it would be possible to keep within that average during the first 2 months of the year, when the agricultural harvest is not yet available for export.

But February was an "excellent month," according to Viacava, primarily for exports of manufactured and semimanufactured products, the ones actually responsible for the favorable balance. Even considering the fact that this February did not have Carnival, and hence had more working days than February of last year, the comparison between the performances for the 2 years is significant. During February, sales of manufactured goods increased 50.7 percent in comparison with February 1983; and those of semimanufactured goods rose 53.8 percent. The most noteworthy rises were those in sales of footwear, which increased 158 percent during the period; those of orange juice, with 152 percent; and those of boilers, machines and mechanical tools. According to Viacava, only the maxi-devaluation of the cruzeiro can explain such growth. The benefits of the "maxi," added to those of the real "mini" applied during the entire year of 1983, caused a considerable heightening of the competitive status of the Brazilian industrialized product on the foreign market.

In this connection, commodities showed an increment of only 10.7 percent in the comparison between the two Februarys.

Nevertheless, not everything in the February surplus is accounted for by exports. Imports also dropped to the lowest monthly level in the past 6

years. Not since April 1978 has so little been imported. According to Viacava, the decline in imports, which amounted to 18 percent during the first 2 months in comparison with the same period in 1983, stems far more from the reduction in oil purchases than from the curbing of imports by the private sector. In fact, during January and February of last year, oil imports totaled \$1.454 billion, or \$328 million more than during the past 2 months.

Viacava commented: "We are not yet guaranteeing the \$9 billion surplus, but we are making good progress." In fact, the progress is good according to government sources, because it has led to the "jumbo" loan, the first portion of which is, coincidentally, being released today, simultaneously with the announcement of the record surplus for February. Based on the interpretation made by a highly placed source in SEPLAN [Secretariat of Planning], in the eyes of the creditors the country is starting to gain a confidence that its indebted neighbors lack. According to the source, Argentina, for example, "is going to receive a harsh reprimand from its creditors," because of its refusal to use exchange reserves to pay the service on the foreign debt.

2909

CSO: 3342/82

SALE OF MANUFACTURED PRODUCTS RISES 50% OVER FEBRUARY 1983 FIGURE

Rio de Janeiro GAZETA MERCANTIL in Portuguese 9 Mar 84 p 3

[Text] Last month, exports of manufactured products showed an increase of 50.7 percent in comparison with the February 1983 volume. According to statistics released yesterday by the director of the Bank of Brazil's Foreign Trade Department (CACEX), Carlos Viacava, manufactured goods accounted for sales abroad amounting to \$1.051 billion, a figure representing nearly 60 percent of all the exports for the month, totaling \$1.867 billion.

February of this year was an atypical month, with a larger number of working days than February of last year, because this year Carnival came in March. Nevertheless, the comparison between the performances of manufactures during the two periods indicates an actual advancement in the value of sales. For example, footwear exports amounted to \$30 million in February of this year, increasing 156.6 percent in comparison with the figure for February of last year. Sales of orange juice, totaling \$46 million, exceeded those for February of last year by over 152 percent.

Favorable performances were also noted in foreign sales of machinery and equipment, organic chemical products and iron and steel products. According to the CACEX director, that increment can be explained only by the effects of the maxi-devaluation of the cruzeiro in February of last year, which are being felt to date.

Unlike what occurred after the "maxi" of 1979, for example, after last year's "maxi" the government continued to make real mini-devaluations in the quotation for the cruzeiro in relation to the dollar. That procedure guaranteed the maintenance of the practical benefit from the "maxi," which was to make Brazilian products cheaper, with greater facilities for exporting.

In addition to that factor, Viacava claimed, the expansion of sales of manufactures is a result of the "hand-in-hand" effort made by the government to make possible exports to markets with difficult access. For example, throughout last year, exchange agreements were made with several countries, which have already brought results. Viacava commented: "Brazil purchased oil from Iran again, and in exchange we are selling machinery and other manufactured goods."

With February's trade balance surplus of \$856 million, the cumulative balance for the last 12 months increased to \$7.581 billion.

In contrast to manufactures, the exports of which increased 35 percent, the results of sales abroad of basic products during January and February are rather modest. A total of \$1.094 billion worth of products was exported, 1.62 percent less than during the first 2 months of 1983. That performance is partially accounted for by the fact that the agricultural harvest was not yet available during the first 2 months of the year. Moreover, the sales of the soybean complex were hurt (see chart) by the stoppage of export registrations decided upon by CACEX on 10 February and not rescinded until yesterday.

Brazilian Exports (\$ Millions FOB)

Distribution	Feb 84 (A) *	Jan 84 (B)	Feb 83 (C)	% of Change (A/B)	% of Change (A/C)
Grand Total	1,867	1,704	1,376	9.57	35.68
A. Basic Products	610	484	551	26.03	10.71
Raw cane sugar	31	38	14	-18.42	121.43
Raw cocoa beans	34	25	13	36.00	161.54
Raw coffee berries	186	156	169	19.23	10.06
Frozen poultry	16	24	18	-33.33	-11.11
Soybean bran	47	24	101	95.83	-53.47
Agglomerate iron ore	47	48	41	-2.08	14.63
Hematite iron ore	96	65	81	47.69	18.52
Others	153	104	114	47.12	34.21
B. Industrialized Products	1,235	1,198	803	3.09	53.80
1. Semimanufactures	184	150	106	22.67	73.59
Pig iron	19	12	10	58.33	90.00
Refined cocoa paste (cocoa liquor)	23	11	6	109.09	283.33
Raw soybean oil	18	7	30	157.14	-40.00
Soda and sulphate chemical wood pulp	29	21	17	38.10	70.59
Treated or tanned pelts and hides	11	13	9	-15.38	22.22
Others	84	86	34	-2.33	147.06
2. Manufactures	1,051	1,048	697	0.29	50.79
Refined sugar	8	15	9	-46.67	-11.11
Footwear, its parts and components	77	87	30	-11.49	156.67
Boilers, machines, mechanical equipment and tools	92	106	57	-13.21	61.40
Transportation material	117	97	115	20.62	1.74
Organic chemical products	47	55	33	-14.55	42.42
Manufactured iron and steel products	102	107	84	-4.67	21.43
Orange juice	116	109	46	6.42	152.17
Others	492	472	323	4.24	52.32
C. Special Transactions	22	22	22	0.00	0.00

Source: CACEX

IBC FORECASTS 12 PERCENT DROP IN 84/85 COFFEE CROP

Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Mar 84 p 17

[Text] Octavio Rainho, president of the IBC (Brazilian Coffee Institute), yesterday released the 1984/85 coffee crop forecast: 26.7 million sacks, a decline of 12.2 percent from the previous harvest (1983/84), which was 30.4 million sacks. Exports this year should reach 18 million sacks, with expected receipts of \$2.4 billion. The president hopes, however, that with his latest measures to stimulate the international market, the receipts will be much higher than had been expected.

Octavio Rainho also announced that the auction of coffee from the IBC reserves will begin on Tuesday. The stocks now stand at about 7.27 billion [7,268 million] sacks. He assures that the auction will not lead to a decline in the domestic market price. "Much to the contrary, with the auction, the domestic market price will react," he commented, explaining that, in addition to the IBC stocks, there must be another 11.5 million sacks in private stocks.

Harvest

The president explained that the expectation of a larger return than the \$2.4 billion estimated at the beginning of 1984 is based not only on the reaction of the international prices, which should remain higher than expected throughout the year, but also on exports exceeding 18 million sacks.

The IBC was surprised at the results of the measures to stimulate international trade--a premium of a 7-percent discount on additions to the contracts in the first and second quarter and the reduction in the price of Brazilian coffee with the change in the formula for the price table--which resulted in the sale of 580,000 sacks in just 3 days, when daily sales had been between 30,000 and 40,000 sacks.

Octavio Rainho explained, however, that the purpose of those measures was also to reduce the Brazilian stocks, which are large. Although there are indications that the next crop will show a 12.2-percent reduction, the IBC president feels that "Brazil really has a lot of coffee."

Among the coffee producing states, production declined the most in Parana, where the average drop was 18.6 percent. The Maringa crop declined 36.6 percent and

the Londrina crop increased by 22.2 percent. Production in Sao Paulo declined only 5.4 percent, from 7.4 million sacks to 7 million sacks.

Production in Minas Gerais declined 17.7 percent. The most affected municipio was Varginia, with a decline of 31.8 percent, from 4.4 million sacks to 3 million sacks. Production in Espirito Santo also declined 7.8 percent, although the south of the state has an 11.1 percent increase. Among the major producing states, Bahia increased its production by 25 percent, from 800,000 sacks in the last harvest to 1 million sacks in the next harvest.

6362

CS0: 3342/86

CONFLICTS IN PLANALTO PALACE OVER POLITICAL STRATEGIES VIEWED

Sao Paulo VEJA in Portuguese 14 Mar 84 pp 32, 33

[Article: "Duel at Planalto"]

[Text] On Ash Wednesday, minutes before the swearing in of Nestor Jost, the new minister of agriculture, Prof Joao Leitao de Abreu, chief of the Civilian Household of the Presidency of the Republic, was talking with the PDS [Social Democratic Party] leader in the Chamber, Deputy Nelson Marchezan, when the minister of justice, Ibrahim Abi-Ackel, approached the pair.

"How are you doing, Marchezan?" asked Ackel.

The deputy realized that he was in a high-voltage electric field, and smiled; but Abi-Ackel, with his usual composure, added:

"They are gossiping about us around here, saying that I am opposed to you. Don't believe it."

Marchezan broke off the conversation. Then something unexpected occurred. Leitao, a lawyer with a dread of uncomfortable scenes, and a teacher who seldom makes a statement without first clothing it in a series of logical premises, turned toward Abi-Ackel and, with the subtlety of a steam-roller, exclaimed:

"I know that you have been talking about me around here, not just through what the press publishes, but through other means as well."

Abi-Ackel felt the blow, but resorted to the cleverness of his verbal elegance:

"We are state ministers, and we should not attach importance to the gossip of the bearded ones."

The bearded ones, in this instance, were the newsmen. Leitao, with an aloof expression, did not reply, and left the minister of justice. Everything would be better for the government, and even for the national administration, if

the "gossip of the bearded ones" could be held responsible for the atmosphere of misunderstanding that has been created between the Ministry of Justice and the Civilian Household; or even for the poor relations between the Civilian Household and the National Intelligence Service; in short, for the constant duels in which the leading federal authorities are periodically involved.

Loss of Support

Abi-Ackel and Leitao de Abreu have never gotten along well on political issues. On several occasions, the minister of justice criticized the chief of the Civilian Household, citing major battles lost by the government upon acting under his orders (the most serious of them was the failure of the attempts to prevent the merger of PMDB [Brazilian Democratic Movement Party] with PP [Popular Party] in 1982), and complaining of the lack of space to which Leitao was relegating him, refusing to delegate political tasks to him. On at least one occasion, Leitao de Abreu made harsh criticism of Abi-Ackel to President Joao Figueiredo, with the obvious suggestion that he should be replaced. None of this is new, but the jab that Leitao hurled against Abi-Ackel, realizing his disposition, is as unusual as the possibility of his going to confer with President Fiegueiredo some day wearing a sport shirt.

At first glance, the difference separating Abi-Ackel from Leitao is simple. The chief of the Civilian Household supports the idea of submitting an amendment to the Congress that would reestablish direct elections for president starting in 1988. Abi-Ackel maintains that such an amendment would be detrimental to the government. Over and above that difference, there is a loss of strength: on the one hand, that of Leitao; and on the other, that of Abi-Ackel, Gen Octavio Medeiros, chief of the SNI [National Intelligence Service] and others, such as Gens Danilo Venturini and Rubem Ludwig, who are alternately getting up steam and slackening, so that the game may continue. It may be thought that there is too much strength for Leitao to be able to cope with it alone. However, to date, every time it was necessary, the chief of the Civilian Household has decided on matters by counting on President Joao Figueiredo's influence on his side.

Following an attempt at reconciliation made immediately after he took office in 1981, Leitao acquired a harsh adversary in General Medeiros. On at least one occasion, the SNI chief complained about his colleague in the Civilian Household, arguing that he got along better with his predecessor, Golbery do Couto e Silva, with whom he disagreed. There were so many clashes that, a year ago, Leitao sent a document to the president complaining of Medeiros' interference in matters within his jurisdiction. Figueiredo held a meeting with the two of them, and a period of peace resulted.

Presidential Appreciation

At the present time, Medeiros is an articulate spokesman for the military who oppose the holding of direct elections. In addition, he is a staunch foe

of the candidacy of Vice President Aureliano Chaves, with whom Leitao has engaged in a patient, inconclusive effort at reconciliation. A year ago, a clash between Leitao and Abi-Ackel, which occurred under the circumstances that are present now, would have resulted in the decapitation of the minister of justice. This time, however, despite the consecutive rumors claiming that he has the rope around his neck, Abi-Ackel ended the week silent, but with his head indisputably attached to his body.

To his advantage, in addition to the backing from Medeiros, the minister has the appreciation of Figueiredo. The president was touched by the dedication shown by Abi-Ackel in attempting to prevent the trial in which his son, Paulo Renato, has been indicted from being turned into a subject for political exploitation. The president's youngest son was accused by the administrator of the Seventh Bankruptcy Jurisdiction of Rio de Janeiro of having been an illegal beneficiary in the Capemi case. The trial is under way, and Paulo Renato Figueiredo's defense attorney procured a preliminary court injunction against the prosecutor's action. Moreover, two of the three PDS candidates (Paulo Maluf and Mario Andreazza) know that Leitao is far removed from their disputes.

Until quite recently, they were attempting to attract him. Last week, it was noted that, once again, Maluf and Andreazza have been put in the same boat by the circumstances of the crisis. Politicians associated with both took shots at the chief of the Civilian Household. They are still discreet shots, for someone as familiar with Planalto as the spokesman, Carlos Atila, a former Flamengo oarsman, has explained: "Professor Leitao is the stroke, the one who sets the pace that must be followed by the other oarsmen. If anyone rows at a different pace, the boat will go out of control." In this instance, there is something else. If Leitao's pace predominates, the government will head toward an understanding with the opposition. If the boat changes pace or stroke, that will be the best indication that Planalto and PDS have opted for a strategy of radicalization.

2909

CSO: 3342/82

POLL CITES BRIZOLA, MONTORO AS MOST UNPOPULAR GOVERNORS

Rio de Janeiro JORNAL DO BRASIL in Portuguese 15 Mar 84 p 3

[Text] Sao Paulo--Leonel Brizola (Rio de Janeiro) and Franco Montoro (Sao Paulo), with 48 and 44 negative points respectively, are the most unpopular governors in the 10 leading states of the country, a Gallup Institute poll in February showed. Using the same method, the Gallup Institute established a negative index of 41 points for President Joao Figueiredo.

Only three governors--Jose Richa (Parana), Espiridiao Amin (Santa Catarina) and Iris Resende (Goiias)--showed positive indices. The Gallup Institute made an additional survey in Greater Rio de Janeiro following the carnival season, establishing a negative index of 27 points for Brizola, who had -47 points in this sector during the February poll.

Checking the Figures

In the February poll, the Gallup Institute interviewed 8,271 individuals over 18 years of age and living in the urban areas of 249 cities. All regions in 10 states were covered. The popularity index is obtained by establishing the differences between the classifications "good" and "excellent," for approval, and "fair," "bad" and "very bad," for disapproval.

Jose Richa, with 21 points, Espiridiao Amin, with 18, and Iris Resende, with 16, were the only governors with positive indices. The most unpopular governors reported by the study were, in order: Leonel Brizola, with 48 negative points; Franco Montoro, with 44; Joao Durval (Bahia), with 38; Jair Soares (Rio Grande do Sul), with 17; Luis de Gonzaga Motta (Ceara), with 16; Tancredo Neves (Minas Gerais), with 12; and Roberto Magalhaes (Pernambuco), with 10.

Independent of the positive or negative points, the popularity of the governors of four states--Rio de Janeiro, Rio Grande do Sul, Bahia and Santa Catarina--declined in February, according to the Gallup poll. The indices were stable in Sao Paulo and Minas Gerais, while the governors' popularity was on the rise in Minas Gerais, Pernambuco and Parana.

Sao Paulo

Montoro's status is stable, the Gallup poll found. The development of his popularity showed two negative points in June of 1983, 28 in September, 43 in December and 44 in this February survey.

Tancredo Neves in Minas Gerais succeeded in reversing the decline in his popularity. He showed 15 positive points in June of last year, changing to 13 negative points in September, 25 negative points in December, while in the last poll in February he recovered to a level of 12 negative points.

Jose Richa in Parana showed the highest popularity index, consistently positive since June of last year, when he had 11 points, which he maintained in December and increased in February to 21. Of those interviewed in his state, 9 percent regard his government as "excellent" and 48 percent termed it "good."

The popularity of Espiridiao Amin in Santa Catarina is on the decline. He has always had positive indices, at the level of 18 now, but he had reached 33 in September of last year. The popularity of Iris Resende remains stable.

Brizola and Post-Carnival Attitudes

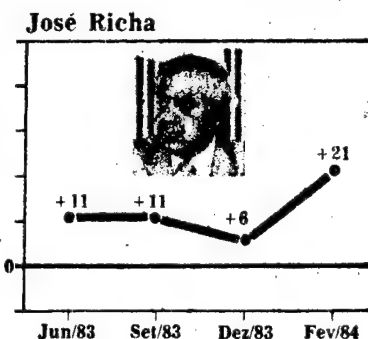
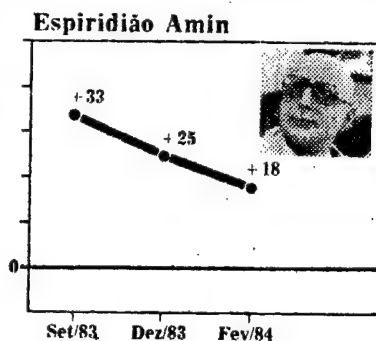
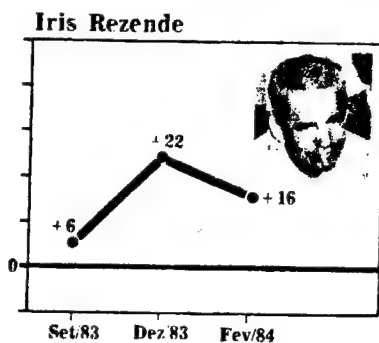
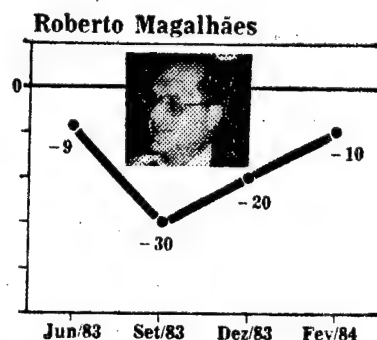
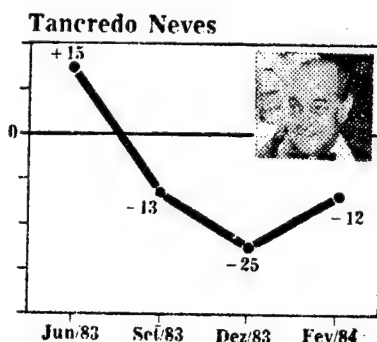
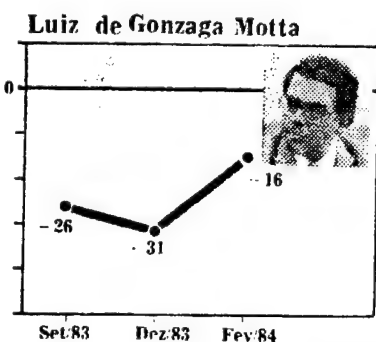
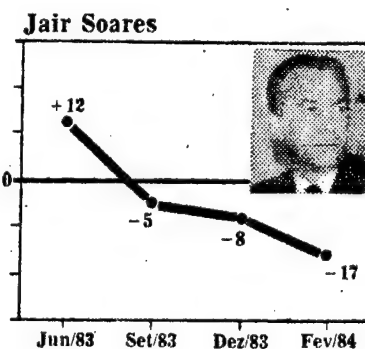
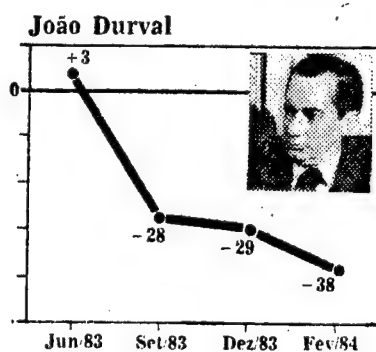
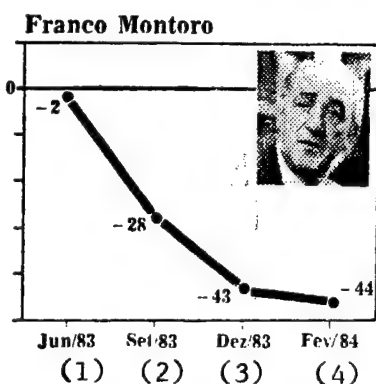
Governor Brizola Is:	Before (10-25 February)		After (9-12 March)	
	State Total (%)	Interior (%)	Greater Rio (%)	Greater Rio (%)
--Excellent governor	6	4	7	9
--Good governor	18	19	18	24
--Fair governor	49	50	49	38
--Bad governor	8	7	9	6
--Very bad governor	15	16	14	16
No opinion	4	4	3	7
Total	100	100	100	100
Approval	24	23	25	33
Disapproval	72	73	72	60
Popularity index	-48	-50	-47	-27

Greater Rio Image Improves Slightly

The carnival season improved the popularity of Governor Leonel Brizola slightly, according to the Gallup Institute poll. Taking only Greater Rio de Janeiro into account, the index level was at 47 negative points in the February poll in this sector. Another poll, taken on 9-12 March, after the carnival season, established an index of 27 negative points.

In February, according to the poll taken in the state, Brizola experienced "a serious decline in popularity." In June of last year, he had a positive index of 17 points, down to 1 negative point by September and 30 negative points by December, and his unpopularity reached 48 negative points in February of this year.

In June of 1983, Brizola won the approval of 53 percent of those interviewed, who regarded his government as "excellent" or "good" with 36 percent disapproving, and terming it "fair," "bad" or "very bad." In the February poll, 24 percent of those interviewed approved, while 72 percent disapproved (those expressing no opinion came to 11 percent in June and 4 percent in February).



(1) June; (2) September; (3) December; (4) February.

BRIEFS

BB OFFICE IN PRC--Brasilia--Today in Beijing, the Bank of Brazil is inaugurating its first office in China, bringing the number of the bank's foreign branches to 71. The ceremony will be attended by Finance Minister Ernane Galveas, who is now in China leading a Brazilian foreign trade mission, Osvaldo Colin, president of the Bank of Brazil, and Carlos Viacava, director of CACEX [Foreign Trade Department of the Bank of Brazil]. After 2 days of meetings with 9 ministers and with the president of the Bank of China, Minister Galveas announced in a note released by his office that Chinese-Brazilian trade could reach \$2 billion in 1985. Yesterday the governments of the two countries pledged to work together to bring bilateral trade to \$1 billion in 1984, 30 percent higher than the \$730 million achieved in 1983. The finance minister noted that, according to studies based on meetings between Brazilian officials and businessmen and their Chinese counterparts, China has an immediate need for the following Brazilian products: iron ore, sheet and non-sheet steel, steel rods, special steels, special forged pieces, pig iron, woods, synthetic fibers, petrochemical products, cellulose, tobacco, leather, sugar, mechanical and electromechanical equipment and parts. Brazil has need of the following Chinese products: oil, rice, cotton, wheat, vegetable oils, wool, pharmaceutical raw materials and chemical products. Tarcisio Marciano, member of the Finance Ministry's advisory team, and CACEX director Carlos Viacava believe that bilateral trade could reach about \$1.3 billion this year. The two men pointed to the creation of a "joint venture" in the mineral sector as one of the most feasible ways to increase trade between Beijing and Brasilia. Tomorrow afternoon, the finance minister will have an audience with China's Premier Zhao Ziyang. President Joao Figueiredo will visit China in May. [Text] [Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Mar 84 p 15] 6362

CSO: 3342/86

TEACHER TRAINING PROGRAMS FOR NICARAGUANS DESCRIBED

One School in Camaguey

Havana GRANMA in Spanish 23 Feb 84 p 2

[Article by Ariel Garcia Suarez]

[Text] Camaguey--The assassination of Augusto Cesar Sandino, which took place 50 years ago, was commemorated in a provincial ceremony held at the Enrique Jose Varon Teacher-Training School in this city. The ceremony was attended by 315 young Nicaraguans who will attend the 4-month course being developed to train teachers, which will be given in this school.

The student contingent from the fraternal country which will be trained at the specialized center in the Agromonte capital is part of the brigade of over 1,600 youths who will be given similar training in various provinces of our country. This gesture of solidarity by the Cuban people will permit the benefits of education to be carried to the most remote regions of Nicaragua and will ensure the winning of the battle for education in the shortest possible time, in spite of attacks and harassments by Yankee imperialism and its lackeys.

During the commemoration ceremony for the General of Free Men, a speech was given by Roger Godoy, representative of the Nicaraguan students in Camaguey; and the closing remarks were delivered by Dionisio Umpierre, member of the Party Provincial Committee and its first secretary in the municipality of Jimaguayu.

Two Schools in Ciego de Avila

Havana GRANMA in Spanish 23 Feb 84 p 2

[Article by Julio Juan Leandro]

[Text] A total of 398 youths from the fraternal republic of Nicaragua are to be enrolled in the course being developed to train them as elementary school teachers.

These youths make up the "50th Anniversary" contingent, formed in perennial commemoration of August Cesar Sandino, 5 decades after the assassination of the General of Free Men.

Some 203 of these young people will study at the Rafael Morales Teacher-Training School in Moron, while the remaining 195 youths will take courses at the Josue Pais Teacher-Training School in the city of Ciego de Avila.

The curriculum includes Spanish, mathematics, methodology of the Spanish language, social sciences, natural sciences, teaching, psychology and the national reality of Nicaragua. The last-named course will be taught by nine Nicaraguan teachers who are also members of the brigade.

These Nicaraguan teachers will participate as observers in practical exercise classes and in other classwork with the students of Ciego de Avila in both schools and will also take advantage of weekends to visit places of historical, economic and social interest in the territory of Ciego de Avila.

8143

CS0: 3248/505

PEACE COMMISSION ESTABLISHED; MEMBERS ANNOUNCED

PA010105 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 30 Mar 84

[Text] The Guatemalan Peace Commission today was officially established. It is headed by Dr Eduardo Miguel Maldonado, rector of the University of San Carlos, and includes representatives of various sectors. During the meeting held at the university campus today, Dr Miguel Maldonado commented on the commission's objectives.

[Begin Maldonado recording] The Peace Commission will be established and will act on the following bases:

1. The primary objective of the Peace Commission is to seek the most effective means of maintaining a climate of peace and social tranquillity in the country and to ensure that the basic rights established by law are enjoyed by all Guatemalans.
2. The commission and its members will not participate in partisan or sectarian political activities. To ensure this, the Peace Commission must propose policies, plans, and measures to fully apply the guarantees established by law.
3. To apply existing laws in investigating all incidents in which the civil and social rights established by law are violated or restricted.
4. To maintain constant vigilance over any action or event that illegally deprives people of life or freedom.
5. To ensure the observance of legal provisions calling for prisoners to be tried within a specified period, as well as to ensure compliance with provisions that regulate the right to habeas corpus and the right of appeal.
6. To demand that both the Attorney General's Office and the courts of the Republic fulfill their duties more effectively in penalizing officials, employees, or citizens in general who, by acts of commission or omission, are guilty of crimes against the lives, liberty, security, honor, or property of individuals.

7. To make residents of the country aware of the urgent need for faithful and continuous fulfillment of their civic duties and of their duty to cooperate, by their actions, behavior, and willingness to serve, in the establishment of the climate of respect and harmony that is indispensable for the achievement of social peace.

8. To carry out any other legal action that the members of the commission deem necessary to resolve situations that impede the legitimate exercise of legally constituted authority and the rights and guarantees established by law. [end recording]

Dr Maldonado then commented on the members of the Peace Commission.

[Begin Maldonado recording] All of the members of the Peace Commission are ready to give their best to resolve problems of the type discussed and to make a very serious analysis of a number of factors that cause disruptions in our country's daily life. It is my pleasure to introduce the members of this commission: Government Minister Gustavo Adolfo Lopez Sandoval, as a representative of the government; Labor Minister Carlos Padilla Natareno, as another government representative; Carlos Gandara, representative of professional associations; Gonzalo Martin, representative of the Association of Guatemalan Journalists; Carlos Garcia Manzo, representative of the Chamber of Journalism; Dr Mateo Giron Perrone, representative of the National Press Circle; Dr Virgilio Zapata, representative of the Evangelical Church; Ivan Barrera, as an observer for (CASIC) [not further identified]; Col Luis Rios Mejia, as representative of the army; and myself, as representative of the University of San Carlos of Guatemala. [end recording]

CSO: 3248/532

STATEMENTS BY SONORA HIGH CHURCHMEN DRAW CONDEMNATION

Reynoso Criticizes Constitutional Provisions

Mexico City EXCELSIOR in Spanish 22 Feb 84 pp 1,A, 16-A, 30-A

[Text] Ciudad Obregon, Sonora, 21 February--The Catholic Church in Mexico "must not be anyone's scapegoat or political tool," remarks the bishop of this town, Luis Reynoso Cervantes, who states that, in the Constitution, "there are provisions which harass the Church"; also noting that Church-State relations "are unjust, because the Church's legal status is not acknowledged in the Constitution."

The bishop, who arrived in this town slightly over a year ago to assume the leading position in the diocese, also describes everything claimed about the alliance between the Church and the National Action Party [PAN] as "absurd," stressing that "it is absurd that they should be attempting to implicate us in this collusion."

Monsignor Reynoso Cervantes declares: "This is a way of attempting to find a scapegoat within the system; and, as I see it, this is an old trick; because since Nero's time, when he burned the Roman circus, blame has been foisted on the Christians. History is repeating itself."

Responsible for the diocese of Ciudad Obregon, a town which, in the opinion of many individuals, is PAN's stronghold in the country, Reynoso Cervantes claims that the Church hierarchy repudiates all the charges made against it in all matters relating to alliances with political parties, adding: "The Church must not be used nor manipulated."

Inconsistent Separation

During the interview, Bishop Reynoso Cervantes explained the nature of the separation of Church and State in Mexico.

"This is a very simple matter because, if there is a separation wherein the Church is persecuted and harassed, and its legal status is disregarded, there is obviously no justice in it. And this has been condemned by the Church for a long time."

He emphasized: "But when this separation occurs in a context wherein the State recognizes the Church's legal status, its own area of action and its role as a guide, then such a separation becomes positive; because, in this way, the Church also recognizes the State's area of action and, in the end, there is no reason for going about invading areas of activity."

He went on to say: "The most obvious example of the latter proposition is what happened a few days ago in Italy, a country where a new Concordat has just been concluded between the Italian Government and the Vatican, aimed at establishing a system of separation. In this instance, the autonomy and sovereignty of each is recognized."

Reynoso Cervantes claimed: "That type of separation, wherein the State recognizes the sovereign authority of the Church, and vice versa, is the proposition of Vatican Council II."

The bishop stressed: "In this respect, we in Mexico are very far removed from achieving that"; pointing out that there are laws in the country "which harass the Church." He said that the legislation in this regard is anti-Church.

We Are Not Seeking Privileges

Monsignor Reynoso Cervantes who, until a year and a half ago, was auxiliary bishop of Monterrey, commented that the Mexican Church hierarchy "is not seeking a privilege; we simply want our legal status to be acknowledged."

And he gave an example: For a political party to be able to procure its registration and thereby have a legal status, that party must have a certain number of members in order to achieve registration. "Now, if a political party's legal status is recognized, it is presumed to have already proven that it has a certain number of sympathizers. Why isn't legal status acknowledged for the Church, which has a large majority? What's the problem?"

The bishop observed: "It would be a good thing if the legal status of the Church, like that of any other entity, were recognized. This would not mean that we would become involved in political party activities or in affairs of State; because the Church hierarchy has its own area of action, just as the State has its own."

Monsignor Reynoso Cervantes gave a reminder that the Church-State relations "are unjust, because there are provisions in the Constitution which harass us. And the Mexican people will have to meditate a great deal on this matter."

He made a comment: "With the foregoing, I don't mean to say that we are suffering persecution or anything of the sort."

"The fact is that, in Mexico, we lack a legal status." Nevertheless, he noted: "This recognition of legal status is at least de facto, but not de jure."

During the course of the interview, the bishop of Ciudad Obregon insisted, emphasized and reiterated that, if recognition of its legal status were procured, the Church hierarchy "would not meddle in politics. It is essential to mention this, because individuals who are not apprised of this might start saying that this measure would allow the Church to end up at its old tricks again."

He declared: "In other words, they always foist the blame on the Church whereas, in reality, the true history of the Church must be written with complete sincerity and authenticity; because, for some time, we have been charged with an entire ideology which we do not really have, one that runs counter to our Church hierarchy."

It Should Not Be a Target of Attacks

Reiterating the fact that the Church should definitely not be a target of attacks, "because that is at odds with the truth," Monsignor Reynoso Cervantes stressed that there is generally an attempt to consider the hierarchy as a scapegoat.

For the good of the Church, "from the standpoint of its essence and its activity," it must not be manipulated nor be anyone's tool.

The bishop commented on the Mexican population, stating:

"The people need to be increasingly trained. They need more education regarding their duties and insofar as their rights are concerned. They must be more conscientious and more responsible, because in order to be able to demand, they have to know how to fulfill their obligations."

He gave a reminder that, in many instances, "Our people, particularly the workers, are told about the rights that they have, but they are told very little about their duties."

In this respect, the bishop claimed that the education in Mexico has been completely against the Church, which it has attempted to discredit. For this reason, there must be a demand in the latter's behalf, so as to put an end to that entire burden which has been placed on it.

Bishop Reynoso Cervantes remarked that the Catholic Church in Mexico "has nothing to do with the Vatican. This must be stated, because there is very great confusion on this point.

"The Vatican is a city in which the Roman pontiff resides and where he is sovereign and autonomous. He is located in that city because, in this way, he is not subordinate to any civil authority. Thus, he can fulfill his obligations."

Then he emphasized that it is "absurd to confuse the Church with the Vatican. The former has its subjects all over the world. The Catholic Church has no

borders; it has no boundaries. It is not identified with any regime; it is not identified with any nation; so much so that one should not speak about the Catholic Church of Mexico, but rather one should call it the Catholic Church in Mexico."

The Political Parties

He discussed the political parties in Mexico, noting that, without any exceptions, they "are sometimes overly radicalized, thereby forgetting that they exist to serve the individual and, in particular, to promote the common welfare."

He then urged them "to really meditate and be aware that such political entities have not been formed to be an end in themselves. They should not waste their strength on aggressiveness and radicalism. What they must do is attempt to find solutions for the political, economic and social problems that have cropped up in the country, but with unity."

He admitted that "the political parties in Mexico lack a great deal of responsibility," remarking that they have fostered the class struggle, a factor with which the Church is not in agreement.

He said: "Any doctrine that fosters the class struggle is not Christian," adding that hatred and envy should not be fostered. "What we must all do is get to work."

And he added: "Because, unfortunately, those who work are generally a target of attacks, and we shall not get anywhere with that. The only thing that is achieved with such positions is the abolishment of sources of employment. The selfish acts cause discouragement among those in business, who have initiative."

The bishop of this region, the site of Valle del Yaqui, an area in which the most powerful farmers in Mexico are located, remarked that there are in the country individuals who cultivate the rural areas and produce, and that when the land of these workers yields its fruits, others come and want to take away what they have. "We are not supposed to deprive those who produce, but rather to work with them. Those who have a desire to work must be imitated."

The Flaws in the Mexican System

When asked what the worst flaw in the Mexican political and economic system is, Monsignor Reynoso Cervantes replied that the worst flaw in the system "is the lack of responsibility, irresponsibility, and, moreover, selfishness; when someone amasses wealth unlawfully."

He explained: "When a person in our country holds a position, he immediately studies ways to become rich, and forgets other people." He added: "This individual may start out with very good intentions, but with the passage of time and his corruption by money, he no longer remembers everything that he upheld at the outset, perhaps sincerely. This is the great problem."

He commented on the Mexican business-owning sector, claiming that the worst flaw among some of its members "is forgetting that there are Mexicans who need their help"; adding that excessive profit must not take precedence over the interests of the majority. They should profit "a little less so as to render assistance to others."

The bishop argued that these causes "have weakened the system and the institutions. Therefore, we need more integrity, and more desire to serve others. We must overcome our selfishness, and learn how to live in greater austerity." Monsignor Reynoso Cervantes declared: "At the present time, it is intolerable to go about with great luxury, when there are Mexicans who lack even enough to survive."

He again discussed the issue of the political parties, claiming that these organizations, "all of them, must give up demagoguery and lying. They must abandon everything detrimental to our population. We must move from mere coexistence to brotherly communion, and from the class struggle to complete coexistence."

He made a digression, explaining that the recent meeting of the bishops of the northwestern part of the country "did not have and has not had political purposes. We have no time for that." And he announced that another meeting of this kind has now been arranged in Tijuana, Baja California.

In conclusion, he stressed that the Church in Mexico "must participate in the society as a guide, and without tendencies toward politics of any kind."

He admitted: "Political parties are of no interest to me personally. What matters is the person, and the person is situated in the political entities; and that could bring about recriminations and burdens in any political party of which I was a member."

He concluded by saying: "These political entities must have respect, love and truth above all as their fundamental platform."

Quintero Arce, Priests Attack Corruption

Mexico City EXCELSIOR in Spanish 24 Feb 84 p 36-A

[Text] Hermosillo, Sonora, 23 February--At a board meeting, 80 priests, headed by Archbishop Carlos Quintero Arce, scored the corruption on all levels of federal administration, the lack of government plans and the obvious close bond between PRI [Institutional Revolutionary Party] and the government, all of which have hampered the country socially, economically and politically.

In analyzing the trouble areas that are affecting Mexican society, the priests and the prelate noted that the features of a work plan would be devised, based upon our real situation.

In a document distributed by the Archdiocesan Media Center, the clergymen underscore their complaint against administrative corruption, lack of government plans and family disorganization.

They rebuke the political leaders' greed for power, the lack of sociopolitical responsibility and the absence of a serious political education.

The priests criticized the lack of a pastoral work plan in the religious sector, the absence of suitable theological training of priests in keeping with the current times, the lack of probing into the faith that has caused the problem, and the absence of economic provisions.

During the analyses made at the meeting, which will last for a week, the clergymen are reviewing the Gospel, the Church's magisterium and the Puebla documents, inferring that the cultural situation has been warped by the reversion of values prompted by the system per se, the ideological manipulation of those seeking power, cultural colonialism, infantilism and alcoholism.

Relations With State Treated

Mexico City EXCELSIOR in Spanish 26, 27 Feb 84

[26 Feb 84 pp 1-A, 20-A]

[Text] Part I

Hermosillo, Sonora, 25 February--Hours before departing for a 5-day spiritual retreat, the archbishop of this state, Carlos Quintero Arce, declared: "We respect the separation of Church and State, but this does not mean that the former is subject to the government." The Church hierarchy "cannot be guided by, or go along with the government's tenets." He also noted that the Church does not deceive nor lend itself to demagoguery. And he admitted: "We foster the political participation of Mexicans, but without directing it toward a particular political party."

On another topic he remarked: "Up until the present, the abandonment of our people's fulfillment of obligations and civic-political responsibility has been fostered; and this has been one of the prices that we have paid for the one-party system that exists in Mexico."

Interviewed at his private residence in this town, at 81 Doctor Paliza Street, Msgr Carlos Quintero Arce explained that Mexico's single-party system "has brought about serious lack of concern among our population; which has resulted from a lack of civic education."

He agreed that the national citizenry currently "has political maturity." Nevertheless, he said that so long as the political system fails to give it the opportunity to put that into practice, it will be impossible to reach the optimal level in this respect.

He also commented on the abstentionism in the electoral area, claiming that this phenomenon stems from the excessive concentration of power; noting that there is another factor causing abstentionism. "That is the systematic imposition of candidates," emphasized Quintero Arce.

PRI's Many Years in Power

The archbishop of Sonora remarked that the Institutional Revolutionary Party has been in power for 55 years.

He stressed: "If PRI were the genuine expression of our people's desires, I would not say anything even if it were in power for 100 years; to be sure, if it were the expression of the Mexicans' desires"; and then gave a reminder of what the citizenry is saying:

"It is being claimed that PRI is kept in power through fraud. If this is true, I, personally, would come out and say that, henceforth, its victories will be legitimate."

To date, many negative things have been said about the Institutional Revolutionary Party. It is claimed that, hours before the electoral process began, the members of that political party cast votes in favor of PRI at the polls. "Mention has also been made of the theft of ballot boxes." It is said that in the Sinaloa and Sonora elections "such instances occurred."

And he remarked: "There was a gentleman, and this was a widely publicized case, who stated that they had hired him to do this type of 'little job.' It is also claimed that certain unions of workers and peasants have been forced to vote for the party. If they failed to do so, many would lose their land." The archbishop said: "All these situations have been mentioned; I hope that this is not true, because it certainly should not be."

Monsignor Quintero Arce asked us to wait for him a few minutes, because he had to take care of some matters of "extreme importance." He left his office for a few minutes and, upon returning, stated: "If PRI were really our people's choice, I personally could not say anything. But if a different course of action is being demanded, a different course of action must be taken."

Desires for Real Solutions

The archbishop of Sonora declared: "I do not deny that there are at present some real desires for solutions, for true solutions, attempting to accommodate the people and, therefore, to observe a new situation, so as thereby to be able to respond to what the people are asking." He explains: "In the past, however, there was a lack of concern for public affairs."

He refers to the political parties in Mexico, claiming that it is a good thing for opposition parties to exist, whether of the left or of the right, in our political system. He then notes that they (all the registered parties) "are functioning more or less."

He commented: "I would like all these political entities to operate not just during periods preceding elections. They should make their activity felt uninterruptedly. Unfortunately, these political parties operate only during election periods."

Making a quick analysis of how the parties operate in the Mexican political system, Monsignor Quintero Arce remarked:

"The struggle of these political entities should not reach the point of violence, nor discreditation of others. It must be a struggle of principles, programs, solutions and wanting to address the people's present needs."

The archbishop explained that the Church hierarchy in Mexico "must never tell the Catholic or Christian union which party it has to vote for."

He reiterated: "The political education that the Church provides consists of having the citizen learn and be aware of what he can demand."

Giving a reminder that the Church hierarchy does not participate in politics, "not for lack of ability," but rather because the role "which we play is aimed at uniting mankind," Monsignor Quintero Arce noted that, in Mexico, "there is no political party that can identify itself with the principles of the Gospel." And he claims that these entities "must uphold the principles that are in favor of justice, peace and human dignity, and the rights of man." Then he added that these principles must also be put into practice.

He said: "The principles of the Gospel are the ones that should enlighten all social existence."

The Concentration of Power Is Progressing

Monsignor Quintero Arce warned: "I observe a growing tendency toward the concentration of power in our country. The power of the State is becoming increasingly greater; and it seems to me that the Constitution very clearly stipulates that there are three branches of government in Mexico. However, the executive branch has virtually absorbed most of it, and it is often speculated that the legislative branch merely raises its hand to approve what the executive branch has proposed."

With regard to the economic area, he commented: "They claim that the State has over 75 percent of all the activities that exist in the country; not to mention the fact that the government also controls political activity."

He observed: "These two features could lead us to a complete inhibition of the society, and could cause it, in the end, to be kept excluded from economic and political activity; because at some time people would ask themselves why they should participate, if the State controls everything." He added that, in the political realm, "This control has prompted us to form the strongest party: abstentionism." It is for this reason that the Church has striven to arouse that civic consciousness.

He said that the impositions are putting an end to the national civic consciousness that is so important at present.

Discreditation of PRI and of the System

Monsignor Quintero Arce claimed that the Institutional Revolutionary Party and the Mexican political system as a whole are suffering from discreditation in the eyes of the citizenry, owing to the imposition of candidates, the resultant oppression and the lack of democracy.

He expressed concern over the radicalized ideologies, which offer a view of the individual which is not exactly evangelical. He maintained: "There are in our environment influences from certain radicalized ideologies, of both the left and the right."

He also recalled what many members of the Church hierarchy have said, to the effect that this sector has no ambition for political power. "The separation of Church and State seems highly advantageous to me, mainly because there have been such ridiculous events in history that, on occasion, a State has been turned into a sacristan."

Commenting on the policy of austerity, he said that it "is not evenly distributed in Mexico, because while a few are squandering vast economic resources, others do not have enough for survival. The crisis is still burdening the poorest people."

He repeated: "The austerity in the country is not complete; there is a great deal of talk about it, but it is not really complete." And he noted that many officials who visit this state on a work plan "arrive on private planes. They do not spare any expense. If the austerity policy were really put into effect, these individuals would use commercial flights."

[27 Feb 84 pp 1-A, 12-A]

[Text] Part II (Final)

Hermosillo, Sonora, 26 February--"At the moment, political and historical reasons preclude the resumption of relations between the government of Mexico and the Vatican," noted Archbishop Carlos Quintero Arce, who also announced that the Holy See has expressed its good will toward the attainment of that goal.

In this second part of the interview, Monsignor Quintero Arce explained that the Church hierarchy "will never betray Mexico. The government should not fear such a situation. On the contrary, what we are upholding is liberty in the country."

When asked about the meeting in Hermosillo, in which individuals active in the business-owning sector and in the National Action Party participated, in addition to some diplomatic representatives of the United States, Monsignor Quintero Arce stated:

"That meeting was like any other that might be held in this town. I was present on that occasion. The fact is that someone who wanted to be overly clever orchestrated the entire scandal that arose afterwards."

The archbishop, who maintains that there are many shared points in the goals of the Vatican and the government of Mexico relating to justice, human rights and disarmament, said that it was important to note that there are groups in the country which are lacking in confidence, showing signs of uneasiness over this situation. He stressed: "There is also resentment among other sectors of the population," stating that, in order to seek the resumption of relations between Mexico and the Vatican, the first thing that must be done is to seek the people's approval.

He remarked that, among the political factors which are an obstacle to the achievement of renewal of those relations, there is the Constitution itself, "and the political groups which think that the obscurantist forces in the country want to occupy leadership positions in the nation."

"The historical aspect is the manner in which Mexican society has developed for many years." He emphasized: "There is freedom of religion, but up until now the Catholic Church in Mexico has lacked legal status, and so it is impossible to achieve these relations. The first thing that must be done is to have our legal status acknowledged."

The Revolution Would Continue Its Course

Subsequently, the archbishop of this state disclosed that many people in Mexico think that, if relations between the Vatican and Mexico are resumed, "the course of the Mexican revolution would be halted."

He commented: "This is untrue, because many of the civilized nations have relations with the Vatican, and their economic, political and social existence continues without any change. In the Latin American area, we can cite the case of Cuba, a country which has an ambassador to the Vatican."

He gave a reminder that, in order to achieve relations between the Vatican and Mexico, "a series of historical steps must be taken to attain the development of a decision of this type."

The System Exhausted

Monsignor Quintero Arce also commented on the economic and political system in Mexico, claiming: "Both are obsolete because, with the crisis that we are undergoing at present, the former has proven to us that it is no longer fit to continue to prevail in Mexico."

He said that the frequent devaluations in recent years, as well as the growing inflation and the capital depletion in the rural areas, are obvious examples of the fact that we must seek different solutions in the economic realm.

With what has occurred in the Mexican economic area, "all of its flaws have cropped up. This is because, to surmount the present problems that we are undergoing in this respect, it is essential to attempt to find another model more suited to our needs."

He then discussed the Mexican political system and, after describing it as obsolete, he said that the concentration of political power has caused it to become systematically exhausted.

He stressed: "The fact is that, in the political system, the citizen is merely a mass taken to the political functions to applaud the current candidate. He is a mass that is merely dragged along."

Monsignor Quintero Arce mentioned the plans of the country's ruling class which, he claimed, are to promote the greatness and development of Mexico," but "are only meant to back a particular group in power. This occurred up until the last 6-year period."

"The plans, and this type of endeavor, were intended only to seek the strengthening of the leadership cadres, not to loosen the reins."

He also claimed: "The Church is dutybound to expose the corruption that is being observed on all levels; and we must not confine ourselves to exposure, but also propose or announce that the Church's true philosophy is integrity and austerity."

He recalled something that occurred during Lopez Portillo's 6-year term, when everything was excessive spending, and remarked:

"During Lopez Portillo's 6-year term, the excessive spending reached such an extent that, according to those familiar with it, during a tour made by the then president of Mexico to Europe, the milk consumed by Mrs Carmen Romano gave out, a product of a United States brand of course, and Mrs Lopez Portillo sent the famous airplane 'Quetzalcoatl' to the United States, just to purchase the milk that the lady drank."

He added that another example of dishonesty and corruption was what occurred in 1980. "During that year, President Lopez Portillo came to Sonora on a working tour. He initiated the activities on the Cuchuta communal land. There was a great uproar over this event. Now then, if you were to see the region of Cuchuta and Mascarenas now, you would be shocked by what is going on in those areas. Everything has been abandoned; all that is a tragedy."

He added that the Cuchuta collective farmers have had to emigrate to the United States to seek work. During Lopez Portillo's visit to that communal farm, he promised them everything so that they might make their land produce; and now they are in debt to the Rural Credit Bank.

He emphasized: "Therefore, the cure proved to be worse than the disease."

In conclusion, the archbishop of Sonora remarked that, not only had he met with the PAN member Adalberto Rosas Lopez, the National Party's precandidate for the governorship of this state, but "I also have friends in the Institutional Revolutionary Party, such as Pedro Bartilotti, the PRI delegate in the state. So, no one should be surprised that I greet or meet with the people."

Three Priests Censure Hermosillo Archbishop

Mexico City EXCELSIOR in Spanish 25 Feb 84 pp 4-A, 23-A

[Text] Baviacora, Sonora, 24 February--According to a report from our correspondent, Francisco Santa Cruz, today, the priests from Aconchi, Ures and Baviacora claimed that the irresponsible, political position of the archbishop of Hermosillo, Carlos Quintero Arce, was creating confusion among the Church members and arousing their animosity again toward the priests who were trained by his predecessor, Juan Navarrete y Guerrero.

"The archbishop's evangelical licentiousness is causing an uproar in the Church of Sonora, where there is no longer any kind of discretion, something that is opposed by those of us who want to be priests, and not politicians; for among the latter there are already a considerable number of shady characters."

The foregoing statements were made in a courageous, forceful manner by the priests Jesus Fimbres of Ures, Francisco Morales Cabrera of Aconchi and Guillermo Palafox of this town, upon being interviewed by reporters from three Hermosillo newspapers concerning the statements made recently by Quintero Arce.

They noted that they were aware of the risks that their comments entailed, but claimed to be constantly subjected to harassment and persecution by the archbishop.

"We do not share his ideas nor his insane political adventures, which only benefit powerful families and which, as we all know, are prompted by a desire for wealth."

Fimbres Franco remarked: "Canon law itself prohibits the Church's participation in politics, and this has been preached by Pope John Paul II in Nicaragua and throughout the world."

He added: "We Navarretists, who constitute 90 percent of the priests in Sonora, are dedicated to promoting faith in God, and we are being fought by the archbishop, with arbitrary changes."

Moreover, they denied having had any part in the document of San Ignacio, "in which all of us were implicated in the attacks against the government and PRI. Of the 60 priests who claim that they were present, only 38 attended, and they have not revealed themselves for fear of being the target of Quintero Arce's wrath."

Morales Cabrera, Jesus Fimbres Franco and Guillermo Palafox emphasized: "Navarrete has taught us to carry the cross and ease difficulties, and that faith in God is an instrument for conciliation; and Quintero Arce is attempting to extinguish the flame with gasoline."

Parish Priest-Led Demonstration

Mexico City EXCELSIOR in Spanish 2 Mar 84 p 18-A

[Text] Villa Juarez, Sonora, 1 March--About 500 individuals, led by the parish priest Pedro Ramirez, held a demonstration along the town's streets in protest against Archbishops Carlos Quintero Arce and Luis Reynoso, for involving the Church in government politics.

Pedro Ramirez, a curate from the municipality of Villa Juarez, said that this demonstration was in support of the religious from Aconchi, Bavicora, San Pedro de la Cueva and Granados, where the priests from these settlements also protested the statements made on politics by those archbishops.

He added that they are demanding of the archbishops and of the clergy as a whole that there be no intervention in politics, and are requiring that the high-ranking Church leaders not implicate the Church in any personal or partisan interests that the Church hierarchy members may have.

2909

CSO: 3248/516

LATEST PRI CHANGES SEEN AS BLOCKING CTM INFLUENCE IN CEN

Mexico City EXCELSIOR in Spanish 25 Mar 84 pp 4-A, 22-A, 28-A

[From "Political Fronts" column, by Guillermo C. Zetina]

[Text] Some are of the opinion that the latest changes in the PRI [Institutional Revolutionary Party] high command were due to the need to curb CTM's [Confederation of Mexican Workers] increasing ambition to achieve a greater presence within the party leadership.

The fact that the second and third-ranking PRI positions went to individuals extensively linked with the agrarian sector, namely, Francisco Luna Kan, former CNC [National Peasant Confederation] director, and Hector Hugo Olivares Ventura, former member of the latter confederation's CEN [National Executive Committee], did not go unnoticed.

Other rumors attribute Luna Kan's appointment to family connections, because they recall that, many years ago, the then CNC leader, Javier Rojo Gomez, visited a rural community in Yucatan in which, by way of reception, the current secretary general of the tricolor entity spoke, and thereafter Rojo Gomez became a guide for the one who would later become governor.

Two of those who had appeared at the beginning of the month as assistant secretaries have become members of the PRI official structure: Juan Saldana Rosell (Information and Propaganda), and Olivares Ventura (Organization). For the so-called organized labor movement in the country, it must unquestionably have been highly gratifying that Senator Arturo Romo Gutierrez (the only "assistant" belonging to that sector) was promoted. Not only did this occur, but Romo Gutierrez left the national coordination position in the program for defense of the popular economy, allegedly to accumulate another CTM commission post.

Initially, CTM called its own assembly to decide on what proposal it would make as a sector at the PRI meeting, disregarding the consultation of the rank and file that the party will make.

A few days after leaving the coordination position in the tricolor program for defense of the popular economy, Romo Gutierrez (on Thursday) claimed excessive bureaucratism in a very large PRI National Executive Committee.

At the meeting which marked the beginning of the consultation that will presumably be made among the PRI militant rank and file, the CTM official, Fidel Velazquez, was missing, despite the "great importance to the party's existence" ascribed to it by a PRI bulletin.

PRI Members Sent All Over the Country

Yesterday, PRI state informational assemblies started all over the country, chaired by the governors and following the Seventh [numeral as published; should read 12th] National Assembly, according to an announcement made yesterday by leader Adolfo Lugo Verduzco.

He remarked: "With these events, the process of PRI renewal is starting throughout the entire country."

Lugo Verduzco appointed personal representatives to each state, in order to underscore the PRI CEN's interest in these meetings. Those in Hidalgo and Sonora will be headed by Lugo Verduzco himself; and the one in Quintana Roo by the secretary general, Francisco Luna Kan.

The other representatives of the PRI CEN are: Aguascalientes, Angel Cesar Mendoza; Baja California Sur, Alberto Miranda Castro; Baja California, Juan Saldana; Campeche, Jose Luis Turueno; Chihuahua, Enrique Soto Izquierdo; Chiapas, Manuel Ramos Gurrion; Coahuila, Pindar Uriostegui; Colima, Enrique Fernandez Martinez; Durango, Jose Encarnacion Alfaro; Guanajuato, Socorro Diaz; Guerrero, Ramon Valdez; Jalisco, Eliseo Mendoza Berrueto; the State of Mexico, Angel Aceves; Michoacan, Mario Highland; Morelos, Ernesto Gil Elorduy; Nayarit, Maximiliano Silerio Esparza; and Nuevo Leon, Humberto Hernandez Haddad.

Also, for Oaxaca, Ernesto Millan; Puebla, Blas Chumacero; Queretaro, Hilda Anderson; San Luis Potosi, Fausto Villagomez; Sinaloa, Carlos Almada; Tabasco, Ignacio Olvera; Tamaulipas, Manuel Garza Gonzalez; Tlaxcala, Jose Natividad Gonzalez; Veracruz, Mario Hernandez Posadas; Yucatan, Genaro Borrego; Zacatecas, Jose Antonio Alvarez Lima; and the Federal District, Hector Hugo Olivares.

There have been some comments to the effect that many of these representatives are going to the provinces for proselytism and personal gain, rather than out of partisan concern.

2909

CSO: 3248/517

BRIEFS

TRAINING GRANTS TO UNEMPLOYED WORKERS--The Secretariat of Labor and Social Welfare [STyPS] will make available, without favoritism of any kind, 50,000 training grants, based on the amount of the minimum wage, to unemployed workers, particularly those with families, according to an announcement made by that entity yesterday. This program, the first phase of which will start this April in the Federal District and the States of Mexico, Morelos, Nuevo Leon and Puebla, will last from 3 to 6 months, until the workers are trained and what they have learned represents an option for self-improvement in the area of work in which they have been engaged. The general director of employment for STyPS, Ignacio Perez Lizaur, said that the grants would be distributed this year in the Federal District and in 15 states of the country, based on the number of the economically active population and the unemployment indicators. He explained that those who benefit will not pay a single centavo for the course that they will receive, nor for the enrollment, and they will also be supplied with instructional materials free of charge, for which purpose a budget of 600 million pesos is being provided. The official stated that there is a demand for specialized workers at the present time, primarily in the metal machine industry, which requires lathe operators, millers and boilermakers. [Text] [Mexico City EXCELSIOR in Spanish 26 Mar 84 p 4-A] 2909

'REPRESSION' AGAINST URBAN GROUP PROTESTED--The repression being carried out all over the republic against the Popular Urban Movement is becoming worse in the low-income districts, such as San Miguel Teotongo, in Iztapalapa, where the activity of clandestine land dividers and spurious leaders is having repercussions on the struggle for better living conditions in the community. This claim was made yesterday by the Settlers' Union to the Board of Residents of San Miguel Teotongo and the National Coordinating Entity of the Popular Urban Movement in the eastern section, where it is said that a group of individuals has created an atmosphere of tension and constant harassment against the residents. They maintained that this has tended to create the conditions suited for imposing a committee that the community repudiates and to arouse confrontations with the Settlers' Union and the Board of Residents, eliminating the democratic organization. In this regard, they explained that the false leaders, belonging to PRI [Institutional Revolutionary Party], are attempting to make the landholding official, on terms whereby the clandestine land dividers are accruing hefty profits. They added that, for this purpose, they engage in actions such as painting signs, holding mobilizations and using shock forces; which gives an idea of the large volume of economic resources at their disposal,

while demands for services are met with obstacles, arguing that there is no solution for such problems. They stated: "The Settlers' Union and the Board of Residents of San Miguel Teotongo require and demand of the delegate in Iztapalapa, Victor Manuel Liceaga Ruibal, the checking of the entire series of acts against us and that we be respected as authentic representatives of the community, democratically elected by the entire community." They also demand an end to the slander being used by land dividers and some PRI members in the locality, together with corrupt members of the district, claiming that there are foreigners instigating confrontations, "which is completely untrue." [Text] [Mexico City EL DIA 'Metropoli' Supplement in Spanish 26 Feb 84 p 5] 2909

STUNAM: PEREZ ARREOLA REELECTED--Only 15 out of 100 university workers affiliated with the Trade Union of the Autonomous University of Mexico [STUNAM] went to the polls, and their vote gave a slight margin of 52.9 percent for the reelection of Evaristo Perez Arreola as STUNAM secretary general. The Red Ticket, Trade Union Unity, won over its opponents, including the Democratic Renewal group comprised of PSUM [Unified Socialist Party of Mexico] members, and the one representing the interests of the political party PRT [Revolutionary Workers Party], registered as the Bloc of Democratic Forces, with A. Quintero. The voting took place over the weekend at all the UNAM departments. "The small vote recorded out of all our union members was a serious obstacle," declared Rito Terna, but he explained that this did not signify a defeat for the university workers' trade union. Nicolas Olivos Cuellar, who was appointed for academic organization, said that intense efforts would be made to reconcile the interests of the various political movements and the trade union movement. And he announced that they would seek the registration of a National University Workers Union, which would lend unity to all the movements and, at the same time, protect the rights of the workers, who have been the ones most hurt by the policy of austerity and limitation that must end. [Text] [Mexico City EXCELSIOR in Spanish 25 Mar 84 p 4-A] 2909

COMMENTS BY EPISCOPAL CONFERENCE HEAD--Jalapa, Veracruz, 27 February--The head of the Mexican Episcopal Conference, Sergio Obesso Rivera, stated: "Relations between Church and State must be normalized"; claiming that it is better to hold dialog than to remain aloof. After noting that "the Church in Mexico is a reality, and this should be considered by the State," the archbishop said that the sooner the relations are reestablished the better it will be. He claimed that there is no obstacle to this insofar as the Church is concerned, citing the specific authority of each entity. Interviewed in the offices of the archbishopric, Obesso Rivera remarked: "The Church does not have authority to become involved in the affairs of the State, nor does the latter have authority to interfere in the affairs of the Church. [Text] [Mexico City EXCELSIOR in Spanish 28 Feb 84 p 32-A] Orizaba, Veracruz, 28 February--The archbishop, and head of the Mexican Episcopal Confederation, Sergio Obesso Rivera, claimed that, just as there is an urgent need to resume the relations between the Mexican State and the Vatican, Article 130 of the Constitution should be revised so that priests may vote and cease being "citizens without a country in their own country." He added that the political statements made by certain sectors of the Mexican Catholic hierarchy "are isolated, because they do not express nor represent the general sentiments of the Catholic people." He claimed: "We do not support any party, either PAN or PRI. We cannot have sympathies, but can only recommend to our faithful that they should vote according to their political consciences." [Text] [Mexico City EXCELSIOR in Spanish 29 Feb 84 p 25-A] 2909

NICARAGUA

BRIEFS

AMBASSADOR TO FRG--Bonn (PL)--Nicaragua's new ambassador to the FRG is Deputy Commander Heberto Incer Moraga, who has presented his credentials to President Karl Carstens. After the protocolary ceremony, Ambassador Incer told Prensa Latina that the Nicaraguan Government wants to improve its relations with the FRG, and is asking the FRG for greater cooperation in Nicaragua's development. In this regard, he said that Nicaragua has been one of the countries that has least benefited from the current FRG Government's cooperation plans. [Summary] [PA282028 Managua EL NUEVO DIARIO in Spanish 22 Mar 84 pp 1, 10]

PROJECTED REVENUES--Silvio Vargas, who is responsible for the office of the General Directorate of Revenues, expects to collect 10 billion cordobas during the present fiscal year, which would represent a 43-percent increase over last year's total collections, which totalled only 7 billion cordobas. These 10 billion cordobas will finance 72 percent of the national budget, which has been calculated at 19 billion cordobas, he explained. [Summary] [PA092104 Managua BARRICADA in Spanish 31 Mar 84 p 8]

CSO: 3248/539

ECONOMIST VIEWS PROPOSED PRICE, WAGE CONTROL LAW, OTHER ISSUES

Caracas EL NACIONAL in Spanish 26 Mar 84 p C-1

[Interview with Prof Domingo Felipe Maza Zavala, by Alfredo Pena; date and place not specified]

[Text] The special powers for President Lusinchi have aroused arguments and tension between the government and the opposition. The executive branch is attempting to speed up the implementation of the economic package, announced in two phases: 24 February and 14 March. As he has admitted to his party and his closest collaborators, the president is considering a third phase, wherein everything associated with the administrative and fiscal reform would start to be executed. The opposition is of the opinion that the Congress' major responsibility (legislating and overseeing the government) cannot be overlooked during a time of crisis such as the one we are experiencing. The opposition congress members claim that it is possible to carry out everything with the greatest promptness, without having this entail abdication with respect to the executive branch. The fact is that the economic and fiscal measures that have been announced demand the greatest discussion and the greatest consensus among the democratic society. Every effort would have to be made so that the final course would be taken after an open comparison of opinions from all those acting in the political system which we began on 23 January. Today, the Forum is with Prof Domingo Felipe Maza Zavala, an expert on economic affairs and consultant for CTV [Confederation of Venezuelan Workers].

[Question] Your opinion favoring recognition of the private debt in dollars at 4.30 seems to have influenced the decision made in this regard by the president of the republic. What did you actually propose to the head of state?

[Answer] I have upheld the view that the Venezuelan business owners who contracted debts before the exchange control of 18 February and applied that debt to the promotion of production and to the country's development should have those commitments recognized for them at the preferential rate of 4.30. This, of course, would be subject to the conditions stipulated in last year's executive decree. In other words, this debt must be checked, evaluated and legitimately contracted. I am referring to the net payment, the difference between the foreign financial assets owned by the debtor firm and the same firm's obligations in foreign currency.

Law on Costs, Prices and Wages

[Question] The opposition has warned that the economic package will hit the workers and the middle class very hard. The Democratic Action [AD] union leadership (and also that party's secretary general, Manuel Penalver) have claimed that Congress must undertake to pass the Law on Costs, Prices and Wages.

[Answer] There is an imbalance in the burdens and benefits of the new situation created as a result of the economic package. When we talked with the president, we stated that it was necessary: 1. to preserve the prices of the consumer's basic basket, without changes in an upward direction; 2. to establish a system of costs and prices wherein the profit rates would be limited and the marketing margins subject to a regulation. All this could be incorporated perfectly into the Law on Costs, Prices and Wages. This is the best alternative for a rational, effective battle against inflationary pressures.

[Question] In last Monday's Forum, Leonardo Ferrer told us that the Commission on Costs, Prices and Wages should not have any linking feature with respect to prices. The COPEI [Social Christian Party] leader said that the state could not waive the authority that it has in this area.

[Answer] I am not very much in agreement with that assessment. If that Commission on Costs, Prices and Wages has any reason to exist, it is, precisely, that of the linking feature with the executive branch's price policies. We should not forget that, in Luis Herrera Campins' government, a commission (of an advisory nature) was created, the results of which have been inoperative. I am of the opinion that the state has always been a poor regulator of prices. Its interests have always been inclined on the side of the business owners, and very seldom on the side of the consumers and workers.

The Austerity Measures

[Question] What is your opinion of the austerity measures announced by the president on Wednesday, 14 March?

[Answer] It will all depend on the legal, regulatory and administrative implementation that those measures must have. In the president's announcement, there are statements of intent, of a desire to do things, and some suggestions and instructions. But regulation is largely missing: provisions to actually put into effect what is proposed therein.

[Question] Will they really have an effect on the curtailment of public spending?

[Answer] A financial program of budgetary readjustment would be necessary for each department, stipulating where and how the adjustments are to be made. The president has given a deadline; we shall have to wait for its expiration to see what the results of these measures have been. We might say the same thing about the administrative reform, one of the most important elements in that package. Starting that reform is the most effective means of attaining savings on spending.

[Question] How can public spending be reduced if at the same time there is an enormous increase in the treasury's revenue as a result of exchange manipulation?

[Answer] It is a contradiction. The expedient of using the exchange device to accrue additional fiscal funds is dangerous. It all depends on the use to which the money thus accrued is put. If those monies are applied simply to current spending, the effect will be explosively inflationary. But if a large portion is allocated to stimulate the productive system, through well managed programs, it could contribute to the reactivation of the economy. There are two significant limitations: 1. the creation of a fund for paying off the public debt; 2. a stabilization fund in the Central Bank.

[Question] The opposition is stressing the inflationary nature of the measures.

[Answer] Obviously, there are inflationary and fiscal effects in the measures. The government has a serious problem of budgetary insufficiency, in addition to a problem of liquidity in the treasury. In my view, the best course of action would have been the enactment of a tax reform. The tax expedient would make it possible to accrue additional income with which to cover both the budgetary insufficiency and the new programs that the government has proposed for itself. The course that has been adopted (and with which I am not entirely agreed) is that of using the exchange differentials as a means of accruing additional revenue.

[Question] The government has promised that it will recover 40 percent of the additional monies that will be derived from the exchange manipulation and the hike in gasoline prices. Don't you fear that the pressure from the public administration (and the private entities) will destroy that recovery?

[Answer] I have such a fear, and I expressed it to the president on the last occasion that he consulted us. I told him that the Venezuelan tradition was fiscal temptation toward any reserve fund that might be available in the area of public administration. We have already had two examples: the PDVSA [Venezuelan Petroleum, Inc] fund and the fund supposedly originating from the revaluation of gold admitted for accounting purposes. Both were used by the government when it was in tight straits.

The Food at 4.30

[Question] The government has decided to subsidize certain imports at 4.30. In the case of food, who will import and what will the profit margin be for products that already have a subsidy of 8 bolivares from the state?

[Answer] The prices of such foods cannot exceed those which existed a year ago. We told the president that those prices should be frozen. The prices of food, medicine and other staple products cannot rise. Any increase, under these conditions, would have to be very well researched in order to be allowed. The state's overseeing authority in such instances is a deciding factor.

[Question] Great care would have to be taken because, as has been disclosed, there is overbilling for what is imported, and underbilling for what is exported. The state, short of dollars, cannot finance such irregularities under any pretext.

[Answer] In the exchange control system, in which I participated at its beginnings in 1960, the import invoices were subject to what we termed international posted prices.

[Question] Has that checking on international prices been established now?

[Answer] I think not.

[Question] Didn't you propose it to the president?

[Answer] Of course we proposed it to him. There are many devices for controlling basic prices of imported products. The import invoices must be subjected to strict, inflexible control. In my view, it would be ideal if the state were to take on the importing of those subsidized staple products. Then, as a wholesaler, it could sell them to the private entities or cooperatives in which the consumers participated. Of course, the transaction would be carried out under sales conditions wherein it was very clearly stipulated that there could be no speculative prices.

The Foreign Debt

[Question] The Latin American countries really have no way of paying the debt. Some are not even able to pay the interest. Don't you think that a triad could be formed, comprised of debtors, creditors and investors, for the purpose of promoting foreign investments? Couldn't we pay, even if it were only part of those debts in bolivares, based on international investments for development?

[Answer] The fact is that our countries lack a current capacity to cope with the debt. I believe that the creditors are also reaching that conclusion. This fact could foster negotiations on more extensive grounds than the merely financial and conventional ones. Investment in the debtor economies, based on association of interests, constitutes an alternative. To be sure, such investment would be made on terms that would not lead to denationalizations in the debtor countries. On the contrary, the goal must be that of cooperating in the recovery of the economies, so that they would have the capacity for paying their long-term debts. The debt problem, foreign trade, international payments and investment must be discussed multilaterally. The case of Venezuela, despite the fact that it is a little different from that of the other Latin American countries, is virtually implicated in this situation. We would have to make a very special effort in order to be able to pay the principal that we owe.

[Question] We could reach certain understandings with the international bankers and investors so as in some way to pay part of that debt in national currency.

Association with foreign capital (contracted in such a way that the interests of the parties are not harmed) is usually highly beneficial.

[Answer] It all depends on the terms on which the foreign investment is contracted. I am no sworn enemy of foreign investment. It could be supplementary, and a major factor in reactivating the economy. I believe that it should be contracted in areas wherein it would not contribute merely financing and technology for development. In this way, we could substitute for imports in certain categories. It is obvious that the terms of the contracting would always have to preserve the national sovereignty.

[Question] Isn't that a more realistic way of generating jobs?

[Answer] Actually, many jobs could be created through that means. For example, if the planting of pines were extended to produce raw material for paper, employment could be given to many people.

[Question] And the graphics industry spends many millions of dollars purchasing paper abroad!

[Answer] That is just one example, but there are many others.

[Question] A great many!

[Answer] There are great opportunities for associating foreign capital with national projects of real benefit, to substitute for imports or to foster exports, generating new sources of employment; all of this, of course, without jeopardizing the national sovereignty.

[Question] Aren't we jeopardizing the national sovereignty more when we are delinquent and cannot pay the principal on the debt? Isn't the risk greater when we are mortgaged to foreign countries?

[Answer] The debtor becomes a slave of the creditor. A relationship based on conditions (such as the one we are discussing) is preferable to a relationship of a slavish nature, such as the one entailed by that of the insolvent debtor with the demanding creditor.

The State and the Investments

[Question] What type of contracting do you think should be done?

[Answer] I have expressed a preference for association between the state and the international investor. But there could also be an association between private Venezuelan capital, the state and the investor. The least feasible type, particularly in certain of the country's priority areas, would be mere association between private entities.

[Question] In this formula that we are discussing, which would be the areas of potential association with international investors?

[Answer] I think that some interesting experiments could be carried out in the area of food, fertilizer, and by-products of petroleum and petrochemicals; but, insofar as the oil industry is concerned, it is necessary to maintain strict supervision and watchfulness, because it is in that direction that the eyes of the investors would be aimed. The important thing is for the basic control of the industry to remain in the state's hands.

[Question] Does Venezuela have sufficient economic and technological resources to develop the Orinoco Belt?

[Answer] Those projects have been resized. I think that they could now be managed by the native industry. I would not include the Belt in the association with foreign capital. Nevertheless, it is feasible and there is a possibility of contracting with foreign firms for services of a technological nature, or for executing projects in the country, provided there are no Venezuelan firms that could efficiently assume responsibility for those projects and services.

[Question] In what other area could we reach an agreement (with the idea of negotiating, even if only part of the debt in bolivares) to promote foreign investment?

[Answer] Tourism could be another important area. In all instances, the national interest must be very much present. We would receive the investment that would give an impetus to development and reactivate the economy without detriment to the national sovereignty.

The Special Powers

[Question] What do you think of the special powers for the president?

[Answer] The Congress must retain its legislative authority, and not delegate it to the president who has a great deal of power per se. It is quite possible to preserve the breadth and democratic balance in the relationship among the state authorities. The opposition parties must participate actively in the legislative endeavor, particularly insofar as the economic measures are concerned. I think that one of the most important features of the present government is the system of consultations that it has established. And, therefore, my opinion is that it is neither timely nor feasible for the government itself and for the country to give the president special powers.

2909

CSO: 3348/353

FINANCE MINISTER REQUESTS CREDIT TO REFINANCE FOREIGN DEBT

Caracas EL UNIVERSAL in Spanish 28 Mar 84 p 1-12

[Text] The finance minister, Manuel Azpurua Arreaza, has requested of the Chamber of Deputies' Finance Commission authorization allowing the national executive body to engage in public credit transactions amounting to 80 billion bolivares to refinance the foreign public debt that comes due in 1984.

At the same time, he requested an additional 12 billion bolivares to pay suppliers. The total credit exceeds 92 billion bolivares.

Azpurua Arreaza had to make this request because the former finance minister, Arturo Sosa Jr, sent it on 1 February of this year to the president of the Senate Chamber, instead of to the president of the Chamber of Deputies, as should have been done according to regulations.

Dr Armando Sanchez Bueno, chairman of the Finance Commission, said that the Subcommittee on Financial and Monetary Affairs is responsible for the investigation of the private foreign debt, to determine the amount and the sectors of economic activity involved therein.

The first contact has already been made with RECADI [Exchange Rate Differential System]; and subsequently it will be made with the Central Bank of Venezuela, the Finance Ministry and FEDECAMARAS [Venezuelan Federation of Associations of Chambers of Commerce and Industry].

The commission is expecting a series of inquiries from the national executive branch to determine how such a large debt as that was contracted.

Dr Sanchez Bueno is of the opinion that the amount of the debt in bolivares will rise considerably, because it was reckoned at the outset at 4.30 per dollar; but, owing to the exchange measures, in some instances it will have to be paid at 6 or 7.50 bolivares per dollar.

The commission met yesterday afternoon in special session, to approve a loan of 975 million bolivares to pay interest on the foreign debt contracted by certain state agencies.

The commission's chairman thinks that, once the state pays the interest owed, the refinancing will be facilitated and, of course, the national executive body is making serious adjustments in the budget. And with the adoption of the economic measures and of austerity, the financial situation will improve and this will afford opportunities for negotiating with the international banks.

The foreign public debt is 74.2211 trillion bolivares. In order to pay the financial costs caused by the refinancing, 5.0905 trillion bolivares are required, according to the statement made in the Finance Ministry's request.

Included among the most indebted agencies are the Industrial Bank of Venezuela, with 16.8295 billion; Orinoco Iron and Steel, with 6.1057 billion; the Venezuelan Development Corporation, with 10.9293 billion; and the National Savings and Loan Bank, with 6.6341 billion bolivares.

Article 1. A change is made in Article 1 which is worded in the following terms:

Article 1. According to Article 55 of the Organic Law on Public Credit, the national executive body is authorized, within the interval between the date of promulgation of this law and 31 December 1984, to make general agreements for engaging in public credit transactions to refinance the foreign public debt with a due date during 1983 and 1984, up to the following amounts in foreign currencies:

U.S. dollars, 16,8182 billion, equivalent to	72.3184 billion bolivares
Austrian schillings, 341 million, equivalent to	85.8 million "
French francs, 209 million, equivalent to	131.6 million "
German marks, 505 million, equivalent to	902.1 million "
Swiss francs, 10.3 million, equivalent to	21.8 million "
Pounds sterling, 9.5 million, equivalent to	62.4 million "
Italian lira, 1.6874 billion, equivalent to	5.2 million "
Spanish pesetas, 76.5 million, equivalent to	2.6 million "
Yen, 8.498 billion, equivalent to	156.1 million "
Danish kroner, 0.2 million, equivalent to	0.1 million "
Canadian dollars, 90 million, equivalent to	312.1 million "
Belgian francs, 371.1 million, equivalent to	33.7 million "
Dutch guilder, 116.0 million, equivalent to	187.8 million "
Norwegian kronor, 2.2 million, equivalent to	1.4 million "

This results in a total sum equivalent to 74.2211 trillion bolivares, reckoned at the exchange rate of 4.30 bolivares per United States dollar; applying to the debts in other foreign currencies their equivalent at the aforementioned exchange rate. The public credit transactions that have been cited will be carried out with public or private financial institutions which are either national foreign or international.

Article 2. Article 2 is changed, and will be worded in the following terms:

Article 2. The authorization mentioned in the foregoing article will be aimed at refinancing debts contracted by the entities cited in Article 2 of the Organic Law on Public Credit, in accordance with the following program:

(millions of bolivares)

Republic of Venezuela	11,568.2
Commercial Bank of Maracaibo	404.7
Agricultural-Livestock Development Bank	2,549.3
Commercial Development Bank of Venezuela	313.6
Industrial Bank of Venezuela	16,829.5
National Savings and Loan Bank	6,634.1
Corporation for the Industrial Development of Maracaibo	47.5
Corporation for Development of the Zulia Region	10.8
Corporation of the Andes	16.4
Corporation for the Development of Small and Medium-Sized Industry	80.2
Venezuelan Development Corporation [CVF]	10,929.3
Venezuelan Corporation of Guayana [CVG]	15.6
Venezuelan Tourism Corporation	482.7
Rural Villages, Inc	151.0
Caroni Aluminum, Inc	569.6
Electric Power of Barquisimeto, Inc	8.9
Electric Power of Venezuela, Inc	122.3
Caracas Metro, Inc	1,017.3
Venezuelan Military Industries, Inc	116.1
Venezuelan Shipping, Inc	69.6
National Telephones of Venezuela, Inc	2,743.9
Electric Administration and Development, Inc	1,778.5
Simon Bolivar Center, Inc	1,747.1
General Mining Company of Venezuela	76.9
CVF Sugar Mills	77.8
CVG Orinoco Iron Mining	300.5
CVG Caroni Electrification	1,737.6
CVG Orinoco Iron and Steel	6,105.7
Salinas National Enterprise	2.0
Rio Limon Bridge Enterprise	3.8
Venezuelan Aluminum Industry	173.4
Inter-American Alumina, Inc	38.7
Transportation Investor, Inc	94.4
Venezuelan Airmail Line, Inc	91.9
Plastics Petrochemical, Inc	14.8
Petrochemical of Venezuela, Inc	2.4
Venezuelan Gold, Inc	1.9
Venezuelan International Aviation, Inc	476.0
Urban Development Fund	494.5
National Institute of Educational Cooperation	309.9
National Institute of Foreign Trade	4.2
National Institute of Channel Systems	46.4
National Institute of Housing	2,031.2

[Continued]

(millions of bolivares)

National Institute of Sanitation Works	3,343.2
National Institute of Ports	307.6
Autonomous Institute for the State Railroads Administration	26.8
Lago Hotel, Inc	27.5
Apiebam, Inc	7.7
Crenca Financial Company	220.0
Zula Hotelier, Inc	14.5

Article 3. An article is created marked with number 9, containing the following text:

Article 9. The bonds of the public debt issued in accordance with this law may be used, upon their expiration, to pay any national tax or contribution.

Article 4. An article is created marked with number 10, containing the following text:

The national executive body may engage in public credit transactions to procure funds to be used to pay financial costs relating to this law up to the amount of 5.0905 trillion bolivares.

2909

CSO: 3348/352

RENEGOTIATION OF FOREIGN DEBT EXPECTED TO BEGIN IN MID-APRIL

Caracas EL NACIONAL in Spanish 28 Mar 84 p D-1

[Text] In mid-April, the Venezuelan foreign debt negotiating commission will travel to New York to meet with the banks' advisory committee for the purpose of resuming the negotiations for refinancing, based on the authorization making foreign exchange available for the payment of the interest owed by the public and private sectors, as well as the appropriations in the economic projections up until 1989.

The information was procured from high-ranking government sources, who were confident that the national government has ordered a speed-up in the fulfillment of the requirements stated by the international banks during their last visit to Venezuela 3 months ago.

It was learned that, in talks with the financial representatives from abroad, the latter had told native officials that the economic measures recently announced by President Jaime Lusinchi fulfill to a large extent the conditions for creating an atmosphere favorable to the refinancing.

According to the sources, these measures indicate the decision of the executive body to put the national economy in order and to streamline spending. There were also opinions favorable toward the provisions for reviving the productive system by means of incentives for agriculture, agroindustry, manufactures and construction.

Nevertheless, some comments were made expressing the view that the package of measures entails a considerable inflationary content, without other measures planned to reduce the spiral that might have an unfavorable effect on the so greatly desired and necessary increment in demand.

According to the international sector, it has become necessary for Venezuela to simplify its exchange system, in order to curb the flight of foreign exchange supported by the artificial maintenance of the exchange rate on the free market.

The technicians have warned that this situation is unfeasible, because it fosters the emergence of the black market for currency, owing to the constant, progressive decline in the bolivar, with a greater, increasing shrinking of demand.

It was learned that, according to the analysis made by the Federal Reserve, the equivalent of the Central Bank in the United States, and the studies conducted by the international banks per se, Venezuela is described as a "debtor country, with a capacity for payment, but one which is not generating foreign exchange."

It is in this direction that the main observations made by the international banks relating to the measures are aimed; because, apart from the annual estimate on oil revenue (\$15 billion), no mechanisms are called for to generate foreign exchange, but rather a larger issue and accumulation of devalued bolivares.

In view of these serious comments, the government decided to hasten and approve the authorization to RECADI to make foreign exchange available to the private sector for the payment of the interest on its debt; and to request of the Chamber of Deputies' Finance Commission that it authorize the Finance Ministry to make a budgetary transfer of 975.5 million bolivares allocated to meet these obligations, through entities of the decentralized administration, within a period that expires on 30 March of this year.

The other point on which the Venezuelan commission will place emphasis will be the submission to the creditors of the projections on our economy's development until 1989.

It was not reported exactly who will accompany the negotiator, Carlos Guillermo Rangel; although it was said that he might very likely travel with Gustavo Galdo and Mauricio Garcia Araujo. Added to the latter would be a representative of the Controller's Office, who might be either Raul Ramirez Martinez or Pedro Luis Garmendia.

2909

CSO: 3348/352

FINANCE MINISTRY GETS FUNDS FOR INTEREST PAYMENT ON DEBT

Caracas EL NACIONAL in Spanish 28 Mar 84 p D-1

[Text] Today, the Chamber of Deputies' Finance Commission will authorize the Ministry of Finance to transfer budget funds amounting to 975.5 million bolivares to speed up the payment of interest on the decentralized administration's foreign debt, in order to pave the way for the refinancing negotiations.

In a message sent by the Central Office of the Budget to the chairman of that commission, Armando Sanchez Bueno, the aforementioned transfer is requested, in accordance with what was stipulated by the Council of Ministers on 20 March.

It was categorized as follows: a. budget category 99 (funds not assignable to programs); b. from item 40 (service on the public debt and other financial obligations); c. to item 80 (transfers); d. general and specific sub-items 860 and 862 (miscellaneous transfers).

It was argued that the Finance Ministry requires the sum of 975.5 million bolivares to be available in order to cover interest stemming from the short-term debts of decentralized agencies which are facing serious financial difficulties that are preventing them from meeting the service on their foreign debt in a timely fashion, causing constant delays in the payment of the interest.

Postponed

The summoning of the Finance Commission, which at the outset was to be taken up on yesterday's agenda on an urgent basis, was postponed until today.

As grounds, it was noted that, "This situation is having a significant effect on the process of negotiating the refinancing of the foreign public debt; because one of the conditions stipulated by the international banking community has been fulfillment of the payment of interest and authorization for capital, not subject to deferral."

It was also indicated that, by 30 March, the agencies of the decentralized administration will have to pay the sum of 975.5 million bolivares for interest payments. "This is why it has become essential for the national executive body,

through the Finance Ministry, to transfer funds to these agencies." According to the message from the Central Office of the Budget, the delinquent indebted entities are: the Agricultural-Livestock Development Bank (BANDAGRO), 41.8 million; the Company for Development of the Maracaibo Industrial Zone (CONDIMA), 16 million; the Venezuelan Tourism Corporation (CORPOTURISMO), 90 million; the Corporation for the Development of the Zulia Region (CORPOZULIA), 68.5 million; the Corporation for the Development of the Andes (CORPOANDES), 5 million; the Venezuelan Corporation for Development (CVF), 525 million; the National Housing Institute (INAVI), 152 million; Lago Hotel, Inc, 14 million; Venezuelan International Aviation (VIASA), 63.2 million.

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ADMINISTRATION APPROVES PLAN TO LOWER UNEMPLOYMENT RATE

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[Text] The Special Employment Plan approved by the national executive body will administer funds from the exchange earnings and will be completely dissociated from the national budget.

The economic cabinet has put the final touches on this initiative that is intended to generate 22,000 new jobs directly, as an alternative to prevent the unemployment indexes from increasing during this period of economic readjustment. It approved the criteria for selecting the workers to be incorporated into this massive personnel plan, as well as the conditions and requirements that are necessary for opting for such jobs.

The plan will require the potential worker to be unemployed, to be a Venezuelan and to be a resident of the city or town where he will be recruited.

The selection process will be handled by the employment agencies of the Ministry of Labor, an entity that will have to coordinate with the contracting companies the manner in which the operation to maintain the nation's property will be conducted. The employment agencies will also have to keep a register, categorized according to projects and entities, of the personnel who are definitely hired.

The executive body has projected that this investment will generate exactly the volume of employment required by the program, so that the contractors and the so-called projects for direct execution (created by the ministries) will be supervised jointly by CORDIPLAN [Office of Coordination and Planning] and the Maintenance Inspector's Office of the Ministry of Urban Development (MINDUR).

The purpose of this maintenance plan is not merely an attempt to immediately generate these sources of employment; it is also intended to have them supported through companies or small enterprises engaged in maintenance. Of the 22,000 direct jobs, it is anticipated that at least 50 percent will be retained in this area.

As sources associated with this government project reported, there is no contradiction between the restrictive economic measures adopted by President

Jaime Lusinchi (increase in the price of gasoline, hike in the free dollar and adjustments in prices of items of prime necessity) and the creation of jobs on a mass scale.

They note that this employment plan is actually a subsidy to the unemployed population, but that it is aimed at stimulating production and reactivating the economy through increased consumption. In this way, several goals are attained: The unemployment problem is alleviated, maintenance of public works is achieved and the productive system is reactivated.

Following is a reproduction of the final system approved by the national executive body for the criteria for selecting and incorporating workers into this Special Employment Plan:

Criteria for Selection and Incorporation of Beneficiaries

I. Beneficiaries

The beneficiaries of the Special Employment Plan will be primarily the urban unemployed and extremely underemployed in the selected cities and towns, plus those who may possibly be added as a result of the regional effect of the specific projects.

It has been estimated that about 707,000 individuals may be regarded as beneficiaries. Nevertheless, when consideration is given only to the country's leading urban centers and largest concentrations of unemployed, that figure is cut to 437,000 persons. Prominent among these urban centers are Caracas, Valencia, Maracay, Maracaibo and Barquisimeto.

Upon establishing as a criterion that 10 percent of the labor force which is unemployed or extremely underemployed may be considered tolerable, there would be a total of 197,000 above that level, and hence direct beneficiaries of the Special Employment Plan.

In considering the financial resources allocated for the program and the costs for generating one job, it is estimated that they will make it possible to provide employment to about 22,000 persons directly.

II. Requirements for Having Access to the Special Employment Plan

Individuals wishing to join the plan must meet the following requirements:

1. Priority will be given to those in an unemployed situation; in other words, those who have recently lost their jobs and those whose incomes are exceptionally low.
2. One must be Venezuelan or a permanent resident; top priority will be given to natives of the country.

3. One must be a resident of the city or town in which he is recruited. The applicant must be equipped to demonstrate, through some affidavit (rent receipt, proof of consumption of light, water, etc.) that he resides in the city or town.

The aforementioned set of requirements will have to be handled with the necessary flexibility to preclude succumbing to administrative and bureaucratic red-tape; the certifications must be simple, easy and expeditious.

II. Incorporation and Distribution of the Beneficiaries

The incorporation of unemployed and underemployed whose income is exceptionally low into the projects of each designated institution will take place according to two methods:

Projects for Direct Execution (PED).

Contracted Projects (PE).

In this connection it is stipulated that the PEMIP be started using both methods simultaneously, while the gradual transfer of those contracted for direct execution to private enterprises takes place.

Projects for Direct Execution (PED).

The PED entail the contracting, coordination and supervision of the public sector directly, based on the mechanisms normally established for this purpose.

Based upon the foregoing, the pertinent agency will select the personnel to work on each project, seeing to it that they meet the minimal requirements for being beneficiaries of the program, in other words:

Are unemployed or extremely underemployed.

Are Venezuelans or residents of the country.

Are residents of the city or town in which the project is to be executed.

Once the personnel have been selected to execute the project, the Ministry of Labor's employment agencies will proceed to approve the selection made by the entity, and the following action will be taken for this purpose:

a. The executing entity will send the following data to the employment agency:

Title of the project

Location

Duration

Name and identity document of the candidates

b. The executing agency will set a date with the employment agency for the reception of the candidates. Once this activity has been arranged, the entity will inform the candidates, after having indicated the sureties which each one of them is to submit to the employment agency:

An identity document

Record of the last job

Some record attesting to their address

c. The employment agency will record the data on the candidates on the date arranged, and will provide them with a record of their acceptance.

d. The entity will proceed to contract the personnel whose certification is in order, and will inform the employment agency once the hiring of the personnel has taken place.

e. The employment agency will keep a register, categorized by projects and agencies, of the personnel definitely contracted. This register must be constantly updated, based upon the dates of duration of each contract, so that the personnel who are unemployed immediately after the termination of their contract may be known. Such personnel will have priority to be hired on another project with similar features to be executed by any public entity or private enterprise, in the event that those selected by them do not meet the requirements for being a beneficiary of the PEMIP.

The procedure ranging from the selection of candidates to the hiring must take place in the promptest possible manner, so as not to hamper the execution of the project. For this purpose, it is necessary:

a. That the executing entity select its candidates on the basis of the program's requirements, and inform them on time of the surety that is required for their hiring.

b. That the executing entity send the complete information required by the employment agency.

c. That the employment agency comply with the dates set for the approval of those selected, taking care to record the sureties with the requirements for admission.

We assume that a month before the execution of the contract is an approximate maximum period for carrying out this procedure.

With regard to wages, they will be established for each project, according to the stipulations in the PEMIP. In this connection, a weekly form of payment is recommended, provided it does not hamper the normal administrative procedures of the executing entity.

2. Contracted projects

Contractors that wish to become incorporated into the PEMIP must register with the executing entities, which will be responsible for selecting them, based upon the project to be executed.

The contract to be made with these private contractors must clearly specify the following items:

Amount of wages to be paid, reckoned on the basis of the number of employees and margins set for input, profits and remuneration stipulated by collective contracts

Volume of stable employment to be used

Concrete tasks to be performed

Checks and penalties for non-fulfillment of contract.

So that the contractors will establish a technological arrangement that will save on labor, the number of employees to be used will be established by those responsible for selecting the projects (CORDIPLAN).

The employees to be hired by the contractors will be selected as follows:

a. The executing entity must provide the following data on the selected contractors to the agency:

Name and registration of the contractor

Title of the project:

Location

Number of jobs to be generated

Duration of the project

b. Once selected by the executing entity to carry out a first project, the contractor must register with the employment agency, providing the sureties, so that the employment agency may check them against the data supplied by the executing entity. These sureties are as follows:

Name and registration of the contractor

Project for which it was selected, indicating:

Title of the project

Location

Number of jobs to be generated

c. The employees selected by the contractor must submit the necessary sureties to the employment agency on the date agreed upon to procure their certification as beneficiaries of the PEMIP.

The sureties and requirements are the same for direct contracting.

d. The contractor will submit these records to conclude a contract with the executing entity.

e. The executing entity will inform the employment agency of the roster of workers hired by the enterprise.

f. The employment agency will keep a record, based on project, entity and enterprise, of the personnel hired. This register must be constantly updated, based upon the date of duration of each contract, so that the personnel who are left unemployed at the termination of the contract will be known.

g. When an enterprise ends its contract with an entity and wishes to opt for a second contract, it must:

Keep the same roster of workers as in the previous project, and,

If the project includes additional labor, it will incorporate, on a priority basis, those workers who have worked previously with the state or with private enterprises on PEMIP projects with similar features.

For this second option, the enterprise must request additional personnel from the pertinent employment agency, which will find the required labor in the register. In the event that there are no available workers of the desired type, the enterprise will select its employees on the basis of the mechanisms established in the first contract.

It should be stressed that no simultaneous contract will be allowed for each contractor. However, the entities must attempt to keep up the continuity in contracting with the enterprises that they initially selected to carry out PEMPI projects, so as to guarantee permanent employment for the workers.

In the event that contractors cease to participate and/or the number of projects is increased, new contractors may be requested.

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BRIEFS

LUSINCHI-CTV MEETING--The Confederation of Venezuelan Workers (CTV] would be willing to back a general wage increase if the compensatory measures fail to materialize, according to that organization's official chairman, Juan Jose Delpino, after meeting with the president of the republic, Jaime Lusinchi. He added that this might generate inflation, but that, if this were the case, "we would all have to suffer the effects of inflation; and not some more than others." Among the purposes of his meeting with the president, Mr Delpino cited the submission of the document produced by the confederation's Consultative Council on 21 March. He explained: "In it, we propose some compensatory measures that would supplement those proposed by the government in the package of economic measures." The document which they submitted to the president today contains a request for tax reform, in which the system would be improved, so that "those who earn less will not pay more taxes." Moreover, they reiterated the request for subsidies to the family basket and to students, in addition to proposing the creation of a tripartite commission consisting of business owners, government and workers, in which all the problems associated with the current economic crisis would be discussed. They also stressed the contents of the document, which proposes a wage for the unemployed worker that would be earned while he is being upgraded at the INCE [National Institute of Cooperative Education], so as to improve the quality of the labor when it is hired again. He was asked: "What answer did President Lusinchi give in this regard?" The top-ranking CTV representative concluded by saying: "He was quite receptive, and we think that the responses to these proposals will be given to us next week." [Text] [Caracas EL UNIVERSAL in Spanish 29 Mar 84 p 2-1] 2909

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